A3840-14 2/88

Research Center, Economic Policy Division
U.S. Chamber of Commerce
1615 H Street, N.W., Washington, D.C. 20062

U.S. CHAMBER
RESEARCH CENTER

EMPLOYEE BENEFITS 1986

Copies are available postpaid:

1-9 copies	$20.00 each
10-49 copies	$15.00 each
50-99 copies	$10.00 each
100 copies or more	Quantity discounts available

Add appropriate sales tax for deliveries in California and the District of Columbia.

Order from Publications Fulfillment (RKVL)
U.S. Chamber of Commerce
1615 H St., N.W.
Washington, D.C. 20062

Please enclose check or money order made payable to: U.S. Chamber of Commerce. See order form on page 39.

Copyright Notice

Any reproduction of this document in whole or in part is expressly prohibited unless specific authorization to reproduce is obtained from the office of the General Counsel, U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062.

Copyright © 1987 by the U.S. Chamber of Commerce
ISBN 0-89834-102-7

Dr. Richard W. Rahn
Vice President and Chief Economist

Dr. John Volpe
Associate Chief Economist

Mr. Martin Lefkowitz
Economic Consultant

Ms. Christine Boisseau
Research Associate

Lori Scott
Research Assistant

EMPLOYEE BENEFITS 1987

The EMPLOYEE BENEFITS reports are published annually.
Questionnaires for the 1987 survey will be mailed in January 1988. The survey report EMPLOYEE BENEFITS 1987 is expected to be available in October 1988.
Information regarding price of the 1987 report can be secured in September 1988 from Employee Benefits Survey, Economic Policy, U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062.

CONTENTS

Page

1. Introduction 4
2. Summary of Findings 5

SPECIAL SECTION ON THE TAXATION OF EMPLOYEE BENEFITS ..... i-v

3. Distribution of Benefit Payments 7
4. Average Benefit Payments 9
5. Industry Variations 9
6. Regional Variations 16
7. Size of Company Variations 17
8. Pension and Insurance Costs 18
9. Percent of Companies Paying Employee Benefits 20
10. Payroll Deductions for Employee Benefits 23
11. Benefits Paid to Part-Time Workers 24
12. Total Employee Benefit Costs 24
13. Supplements to Wages and Salaries (United States Department of Commerce Data) 28
14. How Employee Benefits Were Surveyed 30
15. Copy of Questionnaire Used in Survey 31

TABLES

1. Distribution of Employee Benefits, 1986 7
2. Five Levels of Employee Benefits, 1986 8
3. Distribution of Employee Benefits as Percent of Payroll, by Industry Groups, 1986 8
4. Employee Benefits, by Type of Benefit, 1986 10
5. Major Types of Employee Benefits, by Industry Groups, 1986 11
6. Employee Benefits as Percent of Payroll, by Type of Benefit and Industry Groups, 1986 13
7. Employee Benefits as Cents per Payroll Hour, by Type of Benefit and Industry Groups, 1986 14
8. Employee Benefits as Dollars per Year per Employee, by Type of Benefit and Industry Groups, 1986 15
9. Employee Benefits as Percent of Payroll, by Region and Industry Groups, 1986 16
10. Employee Benefits as Percent of Payroll, by Size of Company and Industry Groups, 1986 17
11. Pension Payments, Bonuses, and Savings Plan Payments, by Industry Group, 1986 18
12. Pension Payments, Bonuses, and Savings Plan Payments by Type of Pension and Industry Group, 1986 19
13. Percent of Companies Paying Employee Benefits, 1986 21
14. Average Benefit Costs as Percent of Payroll for Companies Paying Employee Benefits, 1986 22
15. Payroll Deductions for Employee Benefits, 1986 23
16. Growth of Employee Benefits, 1929 to 1986 27
17. Supplements to Wages and Salaries, 1929 to 1986 28

CHARTS

1. Employee Benefits as Percent of Payroll, by Industry Groups, 833 Companies, 1986 12
2. Annual Employee Benefits and Earnings per Employee, 1986 25
3. Total Employee Benefits as Percent of Payroll, 1953 to 1986 26
4. Supplements to Wages and Salaries, 1929 to 1986 29

1. INTRODUCTION

This survey of employee benefits brings the reader significantly more details and information than previous surveys. *Employee Benefits 1986* includes reports on retirement plans, cost of retiree health care, child care costs and whether firms provide benefits to part-time employees.

For the first time, data was collected separately for salaried employees and hourly-paid employees. While the information printed is combined totals, the data nonetheless reflects a more accurate account of total benefit costs for each of the firms that participated in the survey.

The study of employee benefits issues is more than just a matter of idle curiosity. In the past year, a number of bills have been introduced that would require employers to provide health care and other benefits at federally mandated levels. With the information provided in this survey, employers can determine the impact of such legislation by analyzing the cost of providing benefits to their employees and by understanding the full cost of an individual employee.

This is the twenty-fifth survey of employee benefits, conducted by the U.S. Chamber of Commerce. For the first 32 years, *Employee Benefits* was published every two years. However, due to an increasing concern about the cost of employee benefits, the survey has been published annually since 1981.

The study was made possible only with the cooperation of the firms who sorted through their records to furnish the information requested, frequently at considerable cost to them. We wish to thank them for their help.

A special feature in this publication is our first report on the taxation of employee benefits. We have included this section to help employers better understand the problems related to planning a benefits package for their employees because of the rapidly changing tax laws. The information contained in the tax section pertains to the tax year that begins on January 1, 1988. The tax section was written by Ann Trinca, a tax attorney for the U.S. Chamber of Commerce.

This year's employee benefits survey was conducted by Martin Lefkowitz with the assistance of Christine Boisseau and Lori Scott.

RICHARD W. RAHN
Vice President and
Chief Economist

November 1987

2. SUMMARY OF FINDINGS

This year's survey for the first time was not limited to hourly-paid employees. Due to inconsistencies that had previously occurred when firms could not separate this data from the total payroll, this year the survey sought to cover both hourly-paid and salaried employees.

Following are some of the principle findings from the study.

1. Employee benefit payments varied widely among the 833 reporting companies, ranging from less than 18 percent to more than 65 percent of payroll and from less than $3,500 to more than $13,000 yearly per employee (Table 1).
2. The average payment in 1986 was 39.3 percent of payroll, $4.96 per payroll hour, and $10,283 per year per employee (Table 2).
3. Industry payments varied widely. The textiles and apparel industries averaged 28.8 percent, while the rubber and plastics industries paid 57 percent (Table 6).
4. Highest payments were made in the East North Central states. The other regions appeared to have similar benefit levels (Table 9).
5. The largest firms paid more benefits than smaller firms (Table 10).
6. Payments for pensions were reported by 735 companies (Table 11). Pension and related payments averaged 6.7 percent of payroll (Table 4).
7. Insurance programs appeared to have become almost universal. Ninety-eight percent of the firms participating in the survey indicated they paid some health insurance, while 93 percent provided at least some life insurance coverage.
8. Employee payroll deductions for benefits included 2.7 percent for pensions and savings plans, 0.7 percent for hospitalization and surgical insurance, and 0.8 percent for life insurance and other benefits (Table 15).

An Additional Note

Year	Average payment as a percent of payroll	
1979	36.6%	
1980	37.1	
1981	37.3	
1982	36.7	
1983	36.6	
1984	36.6	
1985	37.7	
1986	38.3	(Old Series)
1986	39.3	(New Series)

This year we sought to improve the survey by collecting data for all employees and for some categories of benefits that were previously not reported. For example, data on health insurance for retirees and former workers and the cost of administering pension plans were surveyed. This resulted in a benefit level 1.0 percent higher than would otherwise have been the case. Eliminating these two categories, which would make this year's data more comparable to last year's, would place benefits at 38.3 percent as compared to 37.7 percent in 1985.

SPECIAL SECTION ON THE TAXATION OF EMPLOYEE BENEFITS

Page

1. Introduction i
2. Employee Benefit Plans Must Be in Writing ii
3. Nondiscrimination Rules for "Statutory Employee Benefit Plans" ii
   - Eligibility test ii
   - Benefits test ii
   - Alternative test ii
   - Highly compensated employees ii
4. Retirement and Savings Plans—Defined Benefit and Defined Contribution Plans ii
   - Defined benefit plans ii
   - Defined contribution plans iii
   - Choosing plans iii
5. Group Term Life Insurance iii
6. Death Benefits iii
7. Accident and Health Benefits iii
8. Employee Discounts iii
9. Meals and Lodging iii
   - Employer-operated eating facilities iv
10. Dependent Care Assistance Programs iv
11. Education Assistance iv
12. Group Legal Services Plans iv
13. Employee Achievement Awards v
    - Qualified plan awards v
    - Other nonqualified plan awards v
14. Cafeteria Plans v

1. INTRODUCTION

The Tax Reform Act of 1986 made sweeping changes in the taxation of employee benefits. These changes undoubtedly will affect an employer's decision on the types and amount of benefits to offer. The tax treatment of many of these benefits is highly complex. The purpose of this section is to provide a brief and simplified introduction to the tax treatment of selected, popular employee benefits.

Due to the constant state of flux in the taxation of employee benefits, new employers who are establishing employee benefit plans and established employers who wish to amend existing benefit plans should seek legal or expert advice. The following discussion reflects changes enacted by the Tax Reform Act of 1986.

2. EMPLOYEE BENEFIT PLANS MUST BE IN WRITING

For plan years beginning in 1988, non-taxable benefits received under certain employee benefit plans will lose their tax-free status, unless the following requirements are met: 1) the plan is in writing; 2) the employee's rights under the plan are legally enforceable; 3) employees are provided with reasonable notification of benefits available in the plan; and 4) the plan was established with the intention of being maintained for an indefinite period of time.

These requirements apply to 1) any statutory employee benefit plan, including accident or health plans, group-term life insurance plans, and at the employer's election, dependent care assistance programs, qualified group legal service plans, and educational assistance programs; 2) qualified tuition reduction programs; 3) cafeteria plans; 4) fringe benefit programs providing no-additional-cost services, qualified employee discounts, or employer-operated eating facilities which are excludable from an employee's gross income; and 5) certain plans to which IRC Section 505 applies, such as welfare benefit funds. If a plan fails to satisfy the above requirements, the employee must pay taxes on the value of the benefits he or she receives under the plan and the employer's expenses for maintaining the plan will not be deductible.

3. NONDISCRIMINATION RULES FOR "STATUTORY EMPLOYEE BENEFIT PLANS"

New rules prevent certain statutory employee benefit plans from discriminating in favor of highly compensated employees. These uniform nondiscrimination rules apply to the following types of plans, generally effective for plan years beginning in 1988: 1) accident and health plans; 2) group-term life insurance plans; and at the employer's election, 3) dependent care assistance programs, 4) qualified group legal services plans, and 5) educational assistance programs. If a plan fails to meet the nondiscrimination rules, then a portion of the benefits, or "excess benefits", will be taxable to the favored employee and the employer's expenses will not be deductible.

Under the new nondiscrimination rules, a statutory employee benefit plan must satisfy either 1) a three-part "eligibility test" and a "benefits" test, or 2) an "alternative test" applicable only to insurance-type plans.

Eligibility test. This three-part test generally provides that 1) nonhighly compensated employees must constitute at least 50 percent of the group of employees eligible to participate in the plan; 2) at least 90 percent of the nonhighly compensated employees must be eligible for a benefit that is at least 50 percent as valuable as the largest benefit available to any highly compensated employee; and 3) the plan can not contain any provision relating to eligibility that discriminates in favor of highly compensated employees.

Benefits test. This test provides that nonhighly compensated employees must receive an average benefit equal to at least 75% of the average benefit provided to highly compensated employees under all same type plans. Statutory employee benefit plans must meet both the eligibility and benefits tests to satisfy the nondiscrimination rules.

Alternative test. An alternative test may be used in lieu of the tests described above for insurance-type plans. The new nondiscrimination rules will be satisfied if a plan benefits at least 80 percent of an employer's nonhighly compensated employees. This alternative test may be applied to accident or health plans and group-term life insurance plans.

Highly compensated employees. For purposes of the nondiscrimination rules for statutory employee benefit plans, "highly compensated employees" include any employee who, during the year or the preceding year 1) was a five percent owner of the employer; 2) earned more than $75,000 from the employer; 3) earned more than $50,000 from the employer and was in the top 20% paid of the employer's work force; or 4) was at any time an officer of the employer who received compensation in excess of $45,000.

4. RETIREMENT AND SAVINGS PLANS—DEFINED BENEFIT AND DEFINED CONTRIBUTION PLANS

Defined benefit plans. A defined benefit plan promises to pay a fixed level of benefits upon retirement. Each employee's retirement benefit is predetermined and insured by the Pension Benefit Guaranty Corporation (PBGC). Benefits are usually determined by the employee's average salary and/or number of years of service and must not be based on the employer's profits. Defined benefit plans include pension and annuity plans.

The maximum benefit that may be paid under a defined benefit pension plan is the lesser of 1) $90,000 or 2) 100% of the employee's average compensation for the highest three consecutive years during which the employee was covered by a retirement plan.

Defined contribution plans. In a defined contribution plan, the employer's contributions are predetermined. Contributions are usually based on a per-

centage of the employee's wages and individual accounts are maintained for each participant. Defined contribution plans include profit sharing plans, stock bonus plans, and money purchase pension plans.

Before 1987, annual additions to defined contribution plans, including employer contributions and certain employee contributions, were limited to the lesser of 1) 25% of compensation for the year or 2) $30,000. For plan years beginning in 1987, annual additions are limited to the lesser of 1) 25% of compensation for the year or 2) the greater of $30,000 or one-quarter of the dollar limit for defined benefit plans, subject to cost-of-living adjustments.

Choosing plans. Defined benefit and defined contributions plans each have distinct advantages and disadvantages. The type of plan suitable to a particular employer will depend on a wide variety of factors, including the costs associated with each type of plan, objectives of the retirement plan, administrative difficulties and amount of government regulation, employee makeup and turnover rate, and risks of investment of plan assets. In general, defined benefit plans are more costly to maintain and involve greater government regulation.

Both defined benefit and defined contribution plans receive favorable tax treatment under the Internal Revenue Code (IRC). But to be tax-favored, plans must meet numerous and sometimes complex statutory requirements relating to plan funding, vesting, participation, and disclosure, among other things.

In general, employee participants of defined benefit and defined contribution plans may defer taxes on employer contributions, as well as the earnings from the investment of pension assets, until retirement. Employers may deduct their contributions as a business expense in the year paid or accrued. Thus, these retirement plans offer attractive tax advantages to both employees and employers.

5. GROUP TERM LIFE INSURANCE

Employer-paid premiums for group term coverage up to $50,000 are tax exempt to an employee. However, if an employer provides coverage in excess of $50,000, the employee must pay taxes on the cost of the insurance over this amount, usually in the year in which the premiums are paid.

In order to receive tax-favored treatment, group term plans must not discriminate in favor of highly compensated or key employees. (See discussion of new nondiscrimination rules.) If the Internal Revenue Service determines that a plan fails the statutory nondiscrimination rules, the $50,000 exclusion will not be available.

6. DEATH BENEFITS

Death benefits are amounts that are paid by or on behalf of an employer because of the death of an employee. Death benefits up to $5,000, which are received by an employee's beneficiaries or estate, are exempt from income tax. Death benefits in excess of $5,000 will be treated as either a nontaxable gift or taxable compensation, depending on the particular facts of the case. In general, the $5,000 exclusion will not be available if, immediately before the employee's death, the deceased had a nonforfeitable right to receive the amount of the death benefits while living.

7. ACCIDENT AND HEALTH BENEFITS

In general, the following types of compensation for personal injuries and sickness are tax-free to an employee: 1) amounts received under workmen's compensation acts; 2) damages received for personal injuries or sickness; and 3) amounts received under accident or health insurance policies. However, if the amount received constitutes a reimbursement for medical expenses that the employee deducted in an earlier year, then the employee must include in income the amount that he or she deducted.

Employer contributions for accident and health plan coverage are also tax-free to employees. Such accident and health plans, however, must be nondiscriminatory. (See discussion of new nondiscrimination rules.)

8. EMPLOYEE DISCOUNTS

The value of certain "qualified employee discounts", for goods or services of an employer is tax-free to an employee within limits. Such favorable tax treatment is allowed only if the discounted goods or services provided by the employer are 1) offered for sale to customers in the ordinary course of business in which the employee works and 2) for the personal use of the employee. In the case of goods, the employee discount can not exceed the "gross profit percentage" of the price at which the property is offered by the employer to customers. In the case of services, the discount can not exceed 20 percent of the price offered to customers.

9. MEALS AND LODGING

The value of meals provided by an employer to an employee and his or her spouse and dependents are tax-free to the employee if the meals are furnished 1) for the employer's convenience and 2) on

the employer's business premises. An employee may also receive tax-free the value of employer-provided lodging if the lodging is 1) for the employer's convenience and 2) the employee is required to accept the lodging on the employer's business premises as a condition of employment. Whether these tests are met is largely a question of fact. For example, the "for the convenience of the employer" test may be met if the location of employment is an isolated job site with no other reasonably accessible eating or lodging facilities.

Employer-operated eating facilities. Meals that do not qualify for tax-free treatment under the above criteria may still qualify as a tax-free *de minimis* fringe benefit. Employers that operate eating facilities may provide meals tax-free to their employees if 1) the facility is located on or near the employer's business premises and 2) the facility's revenues are greater than its direct operating costs. Meals furnished to highly compensated employees will be tax-free only if the facility is available on substantially the same terms to non-highly compensated employees as well.

10. DEPENDENT CARE ASSISTANCE PROGRAMS

Payments made by an employer on behalf of an employee for dependent care are, within limits, tax-free to the employee. Starting in 1987, an employee may exclude from income a maximum of $5,000 ($2,500 for married taxpayers filing separate returns). If the employer provides dependent care at the employer's place of business, the amount that can be excluded from income will be based on the employee's use of the facility and the value of the services.

The exclusion is only applicable if 1) the program does not discriminate in favor of highly compensated employees; 2) the program benefits certain classes of employees; 3) not more than 25% of the amount paid by an employer under the plan are for benefits that accrue to greater than 5% employee-owners; and 4) the plan furnishes to an employee, no later than January 1 of each year, a written statement showing the amounts paid or expenses incurred by the employer in providing dependent care assistance to the employee during the previous calendar year. An employer may elect to treat a dependent care assistance program as a "statutory employee benefit plan" and comply with the post-1987 nondiscrimination rules discussed previously. (See discussion of new nondiscrimination rules.)

11. EDUCATION ASSISTANCE[1]

Employer-provided educational assistance has become an increasingly attractive benefit as the cost of education continues to rise. An employee may now receive tax-free up to $5,250 of educational assistance per calendar year, whether or not the assistance is for education directly related to the employee's current job. If an employer paid or incurred more than $5,250 of educational expenses on an employee's behalf, the employee must include the amount over $5,250 in his or her income. If the educational assistance maintains, improve skills, or is otherwise directly related to an employee's present job, then the $5,250 limit does not apply.

Educational assistance, as defined under the IRC, includes payments for tuition, fees, and similar payments, books, supplies, and equipment. Payments for meals, lodging, transportation, and tools or supplies which may be retained by the employee after completion of a course of instruction are not included within the definition. Educational assistance also does not include any course or other education involving sports, games, or hobbies.

The education assistance exclusion will apply only if the plan does not discriminate in favor of highly compensated employees and if the benefits received by shareholders or owners do not exceed specified limits. An employer may elect to treat an educational assistance program as a "statutory employee benefit plan" and comply with the post-1987 nondiscrimination rules discussed previously. (See discussion of new nondiscrimination rules.).

12. GROUP LEGAL SERVICES PLANS[2]

A group legal services plan is a written plan created by an employer to provide employees and their spouses or dependents with specified legal services. These legal services must be provided or paid for in advance by the employer. An employee may receive tax-free the amounts contributed by an employer to a qualified group legal services plan, as well as the value of the services provided under the plan.

Such favorable tax treatment is allowed only if the plan meets the following criteria: 1) the contributions or benefits provided under the plan do not discriminate in favor of highly compensated employees; 2) the plan benefits certain classes of employees; 3) the plan limits the amount that an employer can contribute under the plan to shareholders or owners; 4) the plan provides notice to the Secretary of the Treasury that it is applying for recognition of its qualified status; and 5) employer contributions under the plan are paid only to certain specified or-

ganizations or persons. If a plan fails to meet these criteria, it will not qualify for tax-favored treatment. An employer may elect to treat a group legal services plan as a "statutory employee benefit plan" and comply with the post-1987 nondiscrimination rules discussed previously. (See discussion of new nondiscrimination rules.)

13. EMPLOYEE ACHIEVEMENT AWARDS

Qualified plan awards. A "qualified plan award" is one awarded as part of a permanent written plan that does not discriminate in favor of highly compensated employees. If an award is a qualified plan award, the employee may exclude the award from income. This tax-free treatment is allowed only if the average cost of all employee achievement awards given by the employer during the tax year does not exceed $400. In determining average cost, awards of very small value are not taken into account.

Other nonqualified plan awards. Certain other employee achievement awards received after 1986 will be tax-free to an employee if several requirements are met. The award must be 1) received for length of service or safety achievement; 2) tangible personal property; 3) awarded as part of a meaningful presentation, and 4) received under conditions and circumstances that do not create a significant likelihood that the award will be treated as disguised compensation.

The total of all nonqualified plan awards made to any one employee during the tax year may not exceed $400. The total of all awards, including both qualified and nonqualified plan awards, made to any one employee during the tax year may not exceed $1,600.

14. CAFETERIA PLANS

Cafeteria plans, or flexible benefit plans, allow employees to select their fringe benefits from a menu of employer-provided benefits. An employer's contributions to a cafeteria plan, in general, are not taxable to an employee, provided the employee selects nontaxable benefits.

Cafeteria plans beginning in 1988 can only provide nontaxable statutory benefits, called "qualified benefits", or cash. These qualified benefits include group legal service plans, medical reimbursement plans, the cost of group-term life insurance coverage over $50,000, and vacation days that are not cash-redeemable. Qualified benefits, however, do not include scholarships and fellowships, educational assistance programs, employer-provided transportation, and certain other fringe benefits. In general, a cafeteria plan cannot allow employees to defer compensation.

Cafeteria plans must not discriminate in favor of highly compensated employee, must be in writing, and must satisfy certain other requirements. (See "Employee Benefit Plans Must Be in Writing").

by Ann Yoshiura Trinca
Attorney, Tax Policy Center

---

[1]The exclusion for educational assistance programs is scheduled to expire in 1988. See IRC Sec. 127(d). However, it is possible that Congress will extend the exclusion for plans beginning after 1987.

[2]The exclusion for amounts received under qualified group legal services plans is scheduled to expire in 1988. See IRC Sec. 120(e). However, it is possible that Congress will extend the exclusion for plans beginning after 1987.

3. DISTRIBUTION OF BENEFIT PAYMENTS

Payments for employee benefits varied widely among the 833 reporting companies. At one extreme were 27 companies paying less than 18 percent of payroll for benefits, while 11 firms paid 65 percent or more.

Expressed as cents per payroll hour, 25 firms paid less than $1.50 an hour, and 51 firms paid $7.00 or more. On an annual basis, 40 firms paid less than $3,500 per employee, and 98 firms paid $13,000 or more.

The distribution of benefit payments for the 833 companies is shown in Table 1.

One-tenth of the firms paid more than 46.2 percent of payroll for benefits, while one-fourth paid more than 40.6 percent, as shown in Table 2. Half the firms paid more than 35.0 percent, three-fourths paid more than 29.4 percent, and nine-tenths more than 24.7 percent. The arithmetic mean or average payment was 39.3 percent. This was somewhat larger than the middle payment of 35.0 percent, since it was influenced by the high-paying companies.

Corresponding data as cents per payroll hour and as annual dollars per employee are also shown in Table 2.

Within individual industries, benefit payments also varied widely. Payments in the food, beverages, and tobacco industries varied from less than 18 percent to more than 65 percent. In hospitals, they varied from less than 22 percent to almost 60 percent. The distribution of individual company payments by industry groups is shown in Table 3.

TABLE 1. Distribution of Employee Benefits, 1986

Percent of payroll		Cents per payroll hour		Dollars per year per employee	
Percent	Number of companies	Cents	Number of companies	Dollars	Number of companies
Under 18.0%	27	Under 150.0¢	25	Under $3,500	40
18.0-19.9	11	150.0-174.9	18	3,500-3,999	26
20.0-21.9	18	175.0-199.9	25	4,000-4,499	23
22.0-23.9	18	200.0-224.9	30	4,500-4,999	35
24.0-25.9	35	225.0-249.9	35	5,000-5,499	30
26.0-27.9	61	250.0-274.9	32	5,500-5,999	40
28.0-29.9	57	275.0-299.9	47	6,000-6,499	53
30.0-31.9	64	300.0-324.9	56	6,500-6,999	46
32.0-33.9	93	325.0-349.9	43	7,000-7,499	58
34.0-35.9	86	350.0-374.9	54	7,500-7,999	44
36.0-37.9	71	375.0-399.9	50	8,000-8,499	43
38.0-39.9	69	400.0-424.9	42	8,500-8,999	39
40.0-41.9	61	425.0-449.9	39	9,000-9,499	36
42.0-43.9	36	450.0-474.9	54	9,500-9,999	50
44.0-45.9	39	475.0-499.9	50	10,000-10,499	48
46.0-47.9	28	500.0-524.9	33	10,500-10,999	24
48.0-49.9	11	525.0-549.9	34	11,000-11,499	33
50.0-54.9	21	550.0-574.9	30	11,500-11,999	22
55.0-59.9	6	575.0-599.9	24	12,000-12,499	28
60.0-64.9	10	600.0-699.9	61	12,500-12,999	17
65.0 and over	11	700.0 and over	51	13,000 and over	98
TOTAL	833	TOTAL	833	TOTAL	833

TABLE 2. Five Levels of Employee Benefits, 1986

Item	As percent of payroll	Cents per payroll hour	Dollars per year per employee
10% of firms paid more than	46.2%	647.1¢	$13,599
25% of firms paid more than	40.6	516.7	10,739
50% of firms paid more than	35.0	400.0	8,214
75% of firms paid more than	29.4	296.8	6,166
90% of firms paid more than	24.7	217.5	4,408
Mean or average payment	39.3%	496.2¢	$10,283

TABLE 3. Distribution of Employee Benefits as Percent of Payroll, by Industry Groups, 1986

Total employee benefits as percent of payroll	Total, all industries	Manufacturing industries														Nonmanufacturing industries							
		Total, all manufacturing	Food, beverages, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding mach. and trans. equipment)	Machinery (excluding electrical)	Electrical machinery, equipment, and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Under 18.0%	25	11	4	1	...	...	1	2	...	...	...	2	...	1	...	...	14	...	...	...	2	1	...	11
18.0-19.9	7	2	...	...	...	...	...	...	...	...	1	...	...	1	...	...	5	...	...	1	...	1	...	3
20.0-21.9	21	4	...	...	1	...	...	...	...	...	...	...	1	1	...	1	17	1	...	5	3	...	1	7
22.0-23.9	18	10	2	2	...	1	...	1	...	1	...	...	...	2	...	1	8	...	2	...	2	...	1	3
24.0-25.9	27	11	1	...	1	1	1	...	1	...	...	1	2	2	...	1	16	2	1	1	2	2	5	3
26.0-27.9	54	23	2	6	2	1	1	1	...	...	...	4	3	...	1	2	31	5	...	4	9	5	2	6
28.0-29.9	60	25	5	2	...	1	3	1	...	1	1	1	5	1	1	3	35	2	...	3	8	8	7	7
30.0-31.9	66	29	2	2	2	1	2	3	...	...	1	3	1	7	3	2	37	3	1	2	4	7	9	11
32.0-33.9	77	28	5	1	1	2	...	2	...	1	1	...	1	6	4	4	49	6	1	1	7	14	14	6
34.0-35.9	91	44	2	2	4	...	...	3	1	1	2	2	6	7	8	6	47	13	1	2	13	5	6	7
36.0-37.9	74	25	3	1	1	...	2	1	1	...	...	2	3	4	6	1	49	9	1	...	7	13	8	11
38.0-39.9	71	20	4	...	1	...	2	...	1	...	3	1	4	1	2	1	51	17	...	5	1	7	8	13
40.0-41.9	64	28	2	...	1	2	2	...	...	...	4	1	5	6	3	2	36	13	...	...	2	10	4	7
42.0-43.9	47	17	1	1	...	...	...	1	1	...	1	4	3	2	3	...	30	16	...	...	3	4	5	2
44.0-45.9	37	15	1	...	...	...	2	1	2	1	...	4	...	2	2	...	22	12	...	1	...	3	2	4
46.0-47.9	28	12	1	1	...	...	2	...	...	...	2	2	1	2	1	...	16	7	...	2	1	...	1	5
48.0-49.9	17	10	1	...	...	...	1	...	1	...	1	...	3	...	...	3	7	5	...	...	...	1	1	...
50.0-54.9	21	11	...	...	1	1	1	...	1	...	...	2	1	2	2	...	10	5	...	...	2	3	...	...
55.0-59.9	7	1	...	...	...	...	...	...	...	...	1	...	...	...	...	...	6	4	...	...	...	...	1	1
60.0-64.9	10	8	1	...	...	...	1	...	...	...	3	...	1	...	...	2	2	1	...	...	...	...	...	1
65.0 and over	11	7	1	...	...	...	...	...	1	...	1	...	...	...	3	1	4	1	...	...	...	1	...	2
Total companies	833	341	38	19	15	10	21	16	10	5	22	29	40	47	39	30	492	122	7	27	66	85	75	110
50% of companies paid more than	35.0	35.0	33.0	28.0	34.0	32.0	38.0	32.0	43.0	33.0	41.0	37.0	37.0	34.0	36.0	34.0	35.0	40.0	31.0	29.0	33.0	35.0	33.0	33.0

*Includes research, engineering, education, government agencies, construction, etc.

4. AVERAGE BENEFIT PAYMENTS

This year's results indicate a higher level of benefit payments than has ever been reported in the history of our survey. The increase is due in part to more detailed data we requested of firms participating in the survey, including payments for retiree and former worker health insurance, the cost of administering pension plans, and child care expenses. These categories had previously been unreported in the survey. Yet this year, survey results indicate those benefits account for 1.0 percent of the increase, from 37.7 percent of payroll in 1985 to 39.3 percent of payroll reported in 1986.

Employee benefit payments, as a percent of payroll, were 39.3 percent for all companies surveyed in 1986. This included 0.9 percent for retiree and former employee health insurance. Benefit costs in 1986 were 38.4 percent of payroll for active employees, compared to 37.7 percent in 1985.

Legally required payments	8.9%
Retirement	6.7%
Life insurance and death benefits	0.5%
Medical and medically related benefits	8.3%
Paid rest periods, lunch periods, etc.	3.4%
Payment for vacations, sick leave, holidays, etc.	10.2%
Miscellaneous benefits	1.3%
Total	39.3%

Manufacturing firms reported higher benefit levels than nonmanufacturing firms for retirement plans, health insurance and payment for time not worked. Surprisingly, manufacturing firms also reported significantly higher levels of either payments for, or contributions to, child care for their employees.

Benefits paid by manufacturing firms averaged 42 percent, compared to 36.8 percent paid by nonmanufacturing firms. These figures are slightly higher than 1985 because the cost of health insurance benefits paid to retired and former employees was included. These additional benefits account for 1.3 percent of payroll among manufacturing firms and 0.5 percent among nonmanufacturing firms. If retiree and former employee health insurance costs were excluded, employee benefit payments would be 40.7 percent for active employees in manufacturing firms and 36.3 percent for active employees in nonmanufacturing firms.

Complete results are given in Table 4 on page 10.

5. INDUSTRY VARIATIONS

Employee benefits vary significantly among the industries surveyed. As a rule, manufacturing firms pay a greater percentage of payroll in benefits than do nonmanufacturing firms. Manufacturing firms paid an average of 42 percent of payroll, or $12,035 per year in employee benefits, adding nearly $5.71 per hour to the cost of an employee. Nonmanufacturing firms paid $8,917 per year in benefits to their employees. The difference between the two is due in large part to health care costs. For example, in some manufacturing firms the cost of health, hospital and major medical plans ran in excess of $3,000 per employee per year, twice the average for all firms and nearly three times as much as the employer subsidy for health care plans of firms in other sectors of the economy.

Firms that are in more competitive industries, such as retailers, and those that have been hurt by foreign competition, such as textile and apparel manufacturers, have a generally lower level of benefits than industries that are more concentrated and have fewer firms in them.

Higher paying industries tend to pay more in benefits than lower paying industries. The reasons for this are twofold. Employee benefits, except for vacations, holidays, and other leave, are not taxable and workers would prefer to get these benefits in before tax dollars rather than after tax dollars. Lower paid employees need a greater share of their money more immediately and therefore cannot afford to take parts of their income in the form of deferred compensation, such as pensions.

More detailed data regarding the cost of benefits by industry, as a percent of payroll, cents per payroll hour, and annual dollars per employee are shown on Tables 6, 7, and 8 that follow on pages 13, 14 and 15.

TABLE 4. Employee Benefits, by Type of Benefit, 1986

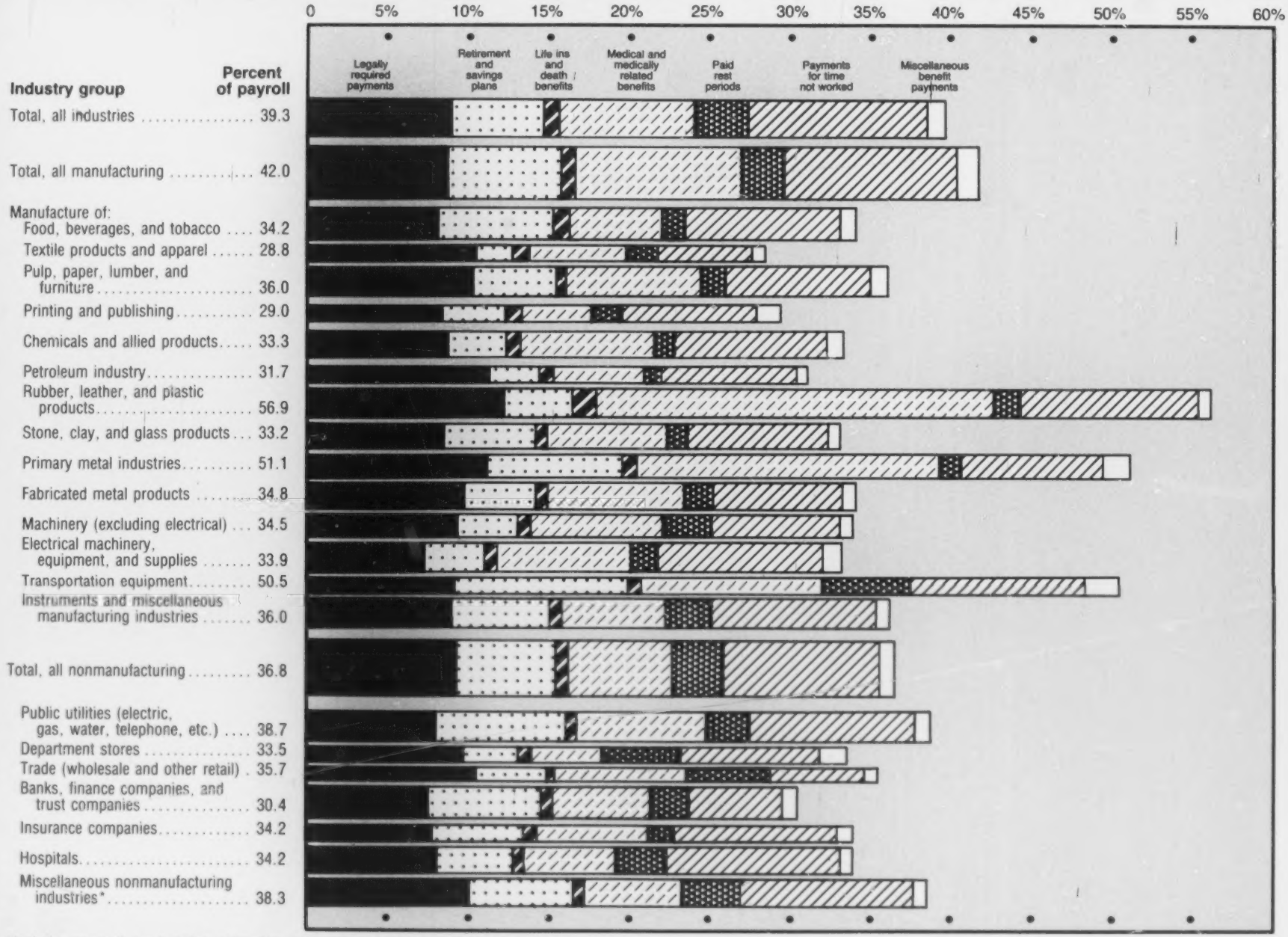
Type of benefit	Total, all companies	Total, all manufacturing	Total, all nonmanufacturing
Total employee benefits as percent of payroll	39.3%	42.0%	36.8%
1. Legally required payments (employer's share only)	8.9	8.7	9.1
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.1	6.6	5.6
b. Unemployment Compensation	1.0	1.3	0.7
c. Workers' Compensation (including estimated cost of self-insured)	1.1	0.8	1.3
d. State sickness benefits insurance	0.8	0.0	1.5
2. Retirement and Savings Plan Payments (employer's share only)	6.7	7.2	6.3
a. Defined benefit pension plan contributions	3.3	4.1	2.5
b. Defined contribution plan payments	1.5	2.0	1.0
c. Money purchase plans	0.1	0.1	0.0
d. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	1.3	0.3	2.2
e. Cost of plan administration	0.1	0.1	0.1
f. Other	0.5	0.6	0.3
3. Life Insurance and Death Benefits (employer's share only)	0.5	0.5	0.5
4. Medical and Medically-Related Benefit Payments (employer's share only)	8.3	10.2	6.7
a. Hospital, surgical, medical, and major medical insurance premiums (net)	6.1	6.9	5.4
b. Retiree (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	0.6	1.0	0.2
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	0.5	0.9	0.2
d. Long-term disability or wage continuation (insured, self-administered, or trust)	0.2	0.2	0.2
e. Dental insurance premiums	0.6	0.8	0.3
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.3	0.3	0.3
5. Paid Rest Periods, Coffee Breaks, Lunch Periods, Wash-Up Time, Travel Time, Clothes-Change Time, Get Ready Time, etc.	3.4	3.3	3.4
6. Payments for Time Not Worked	10.2	10.2	10.1
a. Payments for or in lieu of vacations	5.2	5.2	5.2
b. Payments for or in lieu of holidays	3.1	3.5	2.8
c. Sick leave pay	1.4	0.9	1.8
d. Parental leave (maternity and paternity leave payments)	0.2	0.1	0.2
e. Other	0.3	0.5	0.2
7. Miscellaneous Benefit Payments	1.3	1.9	0.8
a. Discounts on goods and services purchased from company by employees	0.2	0.2	0.3
b. Employee meals furnished by company	0.1	0.1	0.1
c. Employee education expenditures	0.2	0.2	0.1
d. Child Care	0.6	1.1	0.2
e. Other	0.2	0.3	0.1
Total employee benefits as cents per payroll hour	496.2¢	570.7¢	436.2¢
Total employee benefits as dollars per year per employee	10,283	12,035	8,917

TABLE 5. Major Types of Employee Benefits, by Industry Groups, 1986

Industry group	Employee benefits as percent of payroll								Total employee benefits as cents per payroll hour	Total employee benefits as dollars per year per employee	Number of companies
	Total, all employee benefits	Legally required payments (employer's share only)	Retirement and savings plan payments (employer's share only)	Life insurance and death benefits (employer's share only)	Medical and medically-related benefit payments (employer's share only)	Paid rest periods	Payments for time not worked	Miscellaneous benefits			
Total, all industries	39.3	8.9	6.7	0.5	8.3	3.4	10.1	1.3	496.2	10,283	833
Total, all manufacturing	42.0	8.7	7.2	0.5	10.2	3.3	10.2	1.9	570.7	12,035	341
Manufacture of:											
Food, beverages, and tobacco	34.2	8.4	7.0	0.6	7.2	2.8	7.1	1.1	374.3	7,580	38
Textile products and apparel	28.8	10.4	2.6	0.8	6.1	2.0	6.7	0.2	237.5	4,743	19
Pulp, paper, lumber, and furniture	36.0	10.3	5.6	0.3	8.6	1.9	8.4	0.9	477.5	9,922	15
Printing and publishing	29.0	7.9	4.8	0.6	4.4	1.7	8.3	1.3	335.9	6,919	10
Chemicals and allied products	33.3	8.2	3.9	0.5	8.2	1.0	10.2	1.3	540.0	11,287	21
Petroleum industry	31.7	11.4	3.1	0.6	5.5	1.9	8.9	0.2	559.3	11,755	16
Rubber, leather, and plastic products	56.9	12.0	4.2	1.6	24.6	1.5	12.4	0.6	636.2	13,544	10
Stone, clay, and glass products	33.2	8.7	5.2	0.6	7.6	1.7	9.0	0.4	372.5	7,748	5
Primary metal industries	51.1	11.5	8.2	0.6	18.3	1.2	9.4	2.0	649.7	13,402	22
Fabricated metal products (excluding machinery and transportation equipment)	34.8	9.9	4.6	0.5	8.5	2.7	7.7	0.9	407.3	8,497	29
Machinery (excluding electrical)	34.5	9.0	3.9	0.5	7.8	3.0	9.4	0.9	484.7	10,461	40
Electrical machinery, equipment, and supplies	33.9	7.8	3.5	0.3	8.5	1.4	11.1	1.2	439.6	9,380	47
Transportation equipment	50.5	8.9	10.8	0.6	11.9	5.2	10.2	2.8	729.9	15,448	39
Instruments and miscellaneous manufacturing industries	36.0	8.9	6.1	0.3	6.8	3.0	10.1	0.7	494.2	10,403	30
Total, all nonmanufacturing	36.8	9.1	6.3	0.5	6.6	3.4	10.1	0.8	436.2	8,917	492
Public utilities (electric, gas, water, telephone, etc.)	38.7	8.1	8.1	0.6	8.4	2.8	9.9	0.8	609.1	12,712	122
Department Stores	33.5	10.1	2.8	0.2	4.5	4.9	8.7	2.2	256.1	5,102	7
Trade (wholesale and other retail)	35.7	10.5	4.1	0.1	8.2	5.2	6.8	0.8	314.7	6,107	27
Banks, finance companies, and trust companies	30.4	7.6	6.9	0.4	6.0	2.4	6.1	1.1	343.3	7,153	66
Insurance companies	34.2	7.9	5.4	0.6	6.9	1.5	10.5	1.3	422.7	8,315	85
Hospitals	34.2	8.0	4.7	0.2	5.6	3.2	11.7	0.8	346.7	7,172	75
Miscellaneous nonmanufacturing industries*	38.3	9.9	6.3	0.5	6.0	3.9	11.3	0.3	459.3	9,494	110

*Includes research, engineering, education, government agencies, construction, etc.

CHART 1. Employee Benefits as Percent of Payroll, by Industry Groups, 833 Companies, 1986



Industry group	Percent of payroll
Total, all industries	39.3
Total, all manufacturing	42.0
Manufacture of:	
Food, beverages, and tobacco	34.2
Textile products and apparel	28.8
Pulp, paper, lumber, and furniture	36.0
Printing and publishing	29.0
Chemicals and allied products	33.3
Petroleum industry	31.7
Rubber, leather, and plastic products	56.9
Stone, clay, and glass products	33.2
Primary metal industries	51.1
Fabricated metal products	34.8
Machinery (excluding electrical)	34.5
Electrical machinery, equipment, and supplies	33.9
Transportation equipment	50.5
Instruments and miscellaneous manufacturing industries	36.0
Total, all nonmanufacturing	36.8
Public utilities (electric, gas, water, telephone, etc.)	38.7
Department stores	33.5
Trade (wholesale and other retail)	35.7
Banks, finance companies, and trust companies	30.4
Insurance companies	34.2
Hospitals	34.2
Miscellaneous nonmanufacturing industries*	38.3

**Includes research, engineering, education, government agencies, construction, etc.*

TABLE 6. Employee Benefits as Percent of Payroll, by Type of Benefit and Industry Groups, 1986

Type of benefit	Total, all industries	Manufacturing industries															Nonmanufacturing industries							
		Total, all manufacturing	Food, beverages, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding mach. and trans. equipment)	Machinery (excluding electrical)	Electrical machinery, equipment, and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as percent of payroll	39.3	42.0	34.2	28.8	36.0	29.0	33.3	31.7	56.9	33.2	51.1	34.8	34.5	33.9	50.5	36.0	36.8	38.7	33.5	35.7	30.4	34.2	34.2	38.3
1. Legally Required Payments (employer's share only)	8.9	8.7	8.4	10.4	10.3	7.9	8.2	11.5	12.0	8.7	11.5	9.9	9.0	7.8	8.9	8.9	9.1	8.1	10.1	10.5	7.6	7.9	8.0	10.0
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.1	6.6	6.9	6.8	7.0	6.6	6.7	6.4	7.1	6.9	7.1	6.8	6.7	6.5	6.5	6.4	5.6	6.7	6.9	7.0	6.2	6.7	6.9	4.0
b. Unemployment Compensation	1.0	1.3	0.9	2.5	1.5	0.7	0.9	2.0	1.6	1.2	2.3	1.4	1.3	0.8	1.6	1.0	0.7	0.6	1.5	1.3	0.8	0.9	0.4	0.5
c. Workers' Compensation (including estimated cost of self-insured)	1.1	0.8	0.6	1.1	1.6	0.6	0.6	3.1	3.3	0.6	2.1	1.7	0.8	0.5	0.8	1.0	1.3	0.8	1.6	2.2	0.4	0.3	0.7	1.9
d. State sickness benefits insurance	0.8	***	***	***	0.2	***	***	***	***	***	***	***	0.1	***	***	0.7	1.5	***	0.1	***	0.2	***	***	3.6
2. Retirement and Savings Plan Payments (employer's share only)	6.7	7.2	7.0	2.6	5.6	4.8	3.9	3.1	4.2	5.2	8.2	4.6	3.9	3.5	10.8	6.1	6.3	8.1	2.9	4.2	6.9	5.5	4.8	6.3
a. Defined benefit pension plan contributions	3.3	4.1	1.7	2.0	1.8	2.2	1.7	0.4	3.5	2.4	6.1	2.4	1.9	0.7	7.4	1.1	2.5	5.2	1.2	0.5	1.6	2.9	1.6	1.5
b. Defined contribution plan payments	1.5	2.0	4.7	0.4	2.3	2.2	1.5	1.0	0.4	0.9	1.2	1.2	1.4	1.0	2.6	4.5	1.0	1.1	1.4	1.1	4.5	1.0	0.2	0.4
c. Money purchase plans	0.1	0.1	***	***	1.1	***	***	***	***	1.8	***	***	***	***	0.2	0.2	***	***	***	***	0.1	***	0.1	***
d. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	1.3	0.3	0.1	0.1	0.1	***	***	1.1	***	***	0.2	0.4	***	0.7	0.1	***	2.2	1.1	***	2.5	0.1	0.8	0.4	4.3
e. Costs of plan administration	0.1	0.1	0.1	0.1	0.3	0.1	0.2	0.1	0.2	0.1	0.1	0.1	0.3	***	0.1	0.1	0.1	0.3	0.2	***	0.2	0.1	0.1	0.1
f. Other	0.5	0.6	0.5	0.1	0.1	0.6	0.5	0.6	0.1	...	0.6	0.5	0.3	1.1	0.4	0.2	0.3	0.5	0.1	0.1	0.4	0.7	2.3	0.1
3. Life Insurance and Death Benefits (employer's share only)	0.5	0.5	0.6	0.8	0.3	0.6	0.5	0.6	1.6	0.6	0.6	0.5	0.5	0.3	0.6	0.3	0.5	0.6	0.2	0.1	0.4	0.6	0.2	0.5
4. Medical and Medically-Related Benefit Payments (employer's share only)	8.3	10.2	7.3	6.1	8.6	4.4	8.2	5.5	24.6	7.6	18.3	8.5	7.8	8.5	11.9	6.8	6.7	8.4	4.5	8.2	6.0	7.0	5.6	6.0
a. Hospital, surgical, medical, and major medical insurance premiums (net)	6.1	6.9	5.3	5.3	5.4	3.7	5.6	4.8	13.8	6.4	9.9	7.3	6.0	5.5	8.2	5.5	5.4	6.3	3.5	7.9	5.2	5.4	4.9	5.2
b. Retiree (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	0.6	1.0	0.4	0.3	1.6	0.1	1.2	0.2	3.0	0.3	6.3	0.4	0.4	0.9	0.9	0.4	0.2	0.4	0.3	***	0.2	0.4	0.1	0.2
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	0.5	0.9	0.5	0.1	0.8	0.2	0.5	0.2	1.1	0.4	0.7	0.3	0.5	1.1	1.1	0.2	0.2	0.4	0.1	0.1	0.1	0.2	0.2	***
d. Long-term disability or wage continuation (insured, self-administered, or trust)	0.2	0.2	0.2	***	0.2	0.1	0.1	0.1	1.1	0.1	0.2	0.2	0.1	0.1	0.3	0.1	0.2	0.3	0.1	***	0.2	0.6	0.2	0.1
e. Dental insurance premiums	0.6	0.8	0.7	0.4	0.3	0.2	0.7	0.2	1.6	0.5	1.0	0.2	0.6	0.7	1.0	0.4	0.3	0.7	0.2	***	0.3	0.3	0.2	0.2
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.3	0.3	0.1	***	0.4	0.1	0.1	***	4.0	***	0.3	0.1	0.2	0.3	0.4	0.3	0.3	0.4	0.3	0.1	0.1	0.2	0.1	0.4
5. Paid Rest Periods, Coffee Breaks, Lunch Periods, Wash-Up Time, Travel Time, Clothes-Change Time, Get-Ready Time, Etc.	3.4	3.3	2.8	2.0	1.9	1.7	1.0	1.9	1.5	1.7	1.2	2.7	3.0	1.4	5.3	3.0	3.4	2.8	4.9	5.2	2.4	1.5	3.2	3.9
6. Payments For Time Not Worked	10.2	10.2	7.1	6.7	8.4	8.3	10.2	8.9	12.4	9.0	9.4	7.7	9.4	11.1	10.2	10.1	10.1	9.9	8.7	6.8	6.1	10.5	11.7	11.3
a. Payments for or in lieu of vacations	5.2	5.2	3.9	3.9	3.9	4.8	5.2	5.2	8.1	4.8	6.3	4.5	4.8	5.6	5.1	4.7	5.2	4.6	4.6	5.1	3.0	5.0	6.1	6.0
b. Payments for or in lieu of holidays	3.1	3.5	2.5	2.4	1.4	2.7	3.3	3.1	3.4	3.7	1.9	2.6	3.5	3.6	3.9	3.2	2.8	3.0	2.6	0.5	2.0	3.6	2.7	2.8
c. Sick leave pay	1.4	0.9	0.6	0.1	0.2	0.5	1.1	0.5	0.4	0.4	0.3	0.4	1.0	1.3	0.7	1.2	1.8	1.7	1.4	0.9	0.9	1.4	2.3	2.2
d. Parental leave (maternity and paternity leave payments)	0.2	0.1	0.1	0.3	0.1	***	0.2	0.1	0.3	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2	0.1	0.1	0.2	0.3
e. Other	0.3	0.5	0.1	0.1	2.9	0.2	0.5	0.1	0.3	***	0.7	0.1	0.1	0.5	0.4	1.0	0.2	0.3	***	***	0.1	0.4	0.4	***
7. Miscellaneous Benefit Payments	1.3	1.9	1.1	0.2	0.9	1.3	1.3	0.2	0.6	0.4	2.0	0.9	0.9	1.2	2.8	0.7	0.8	0.8	2.2	0.8	1.1	1.3	0.8	0.3
a. Discounts on goods and services purchased from company by employees	0.2	0.2	0.1	0.1	***	0.1	***	***	***	***	***	***	***	***	0.4	***	0.3	0.1	2.2	0.2	0.1	0.1	0.1	***
b. Employee meals furnished by company	0.1	0.1	0.1	***	***	***	0.1	***	***	0.3	***	0.1	***	0.3	***	0.1	0.1	0.1	***	***	0.3	0.4	0.2	***
c. Employee education expenditures	0.2	0.2	0.2	***	0.8	0.1	0.1	0.1	0.1	0.1	***	0.1	0.2	0.2	0.2	0.2	0.1	0.2	***	0.1	0.3	0.3	0.3	0.1
d. Child Care	0.6	1.1	0.4	***	***	0.2	0.3	0.1	0.4	***	1.7	0.2	0.4	0.5	1.8	0.3	0.2	0.3	***	0.2	0.1	0.3	0.2	0.1
e. Other	0.2	0.3	0.3	0.1	0.1	0.9	0.9	0.1	***	***	0.3	0.6	0.3	0.2	0.3	0.2	0.1	0.1	***	0.2	0.3	0.2	0.1	0.1

*Includes research, engineering, education, government agencies, construction, etc.
***Less than 0.05%.

TABLE 7. Employee Benefits as Cents per Payroll Hour, by Type of Benefit and Industry Groups, 1986

Type of benefit	Total, all industries	Manufacturing industries														Nonmanufacturing industries							
		Total, all manufacturing	Food, beverages, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding mach. and trans. equipment)	Machinery (excluding electrical)	Electrical machinery, equipment, and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as cents per payroll hour	496.2	570.7	374.3	237.5	477.5	335.9	540.0	559.3	631.8	372.5	649.7	407.3	484.7	439.7	729.9	494.3	436.2	609.1	256.1	314.7	343.3	422.7	346.7	459.3
1. Legally Required Payments (employer's share only)	112.6	118.5	91.9	85.7	136.5	91.0	133.3	201.7	132.9	97.2	147.3	115.8	125.7	101.3	129.1	122.5	107.8	127.7	77.6	92.8	85.3	98.2	81.0	119.2
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	76.6	89.3	75.5	55.9	92.4	75.9	108.6	113.1	78.6	76.9	91.0	79.8	94.4	84.4	93.7	87.0	66.4	106.0	53.1	61.9	69.6	82.7	69.6	48.2
b. Unemployment Compensation	12.4	17.8	10.0	20.6	20.1	8.4	15.3	34.8	17.3	13.2	29.1	16.3	18.3	10.9	23.1	13.0	8.1	9.1	11.7	11.4	8.8	11.2	3.6	5.6
c. Workers' Compensation (including estimated cost of self-insured)	13.4	11.0	6.0	9.2	21.6	6.6	9.4	53.8	36.9	7.2	27.1	19.6	11.0	5.8	12.1	13.6	15.2	12.4	12.3	19.5	4.7	4.0	7.4	22.1
d. State sickness benefits insurance	10.2	0.4	0.4	***	2.3	0.2	0.1	***	0.1	***	0.1	***	2.0	0.2	0.1	8.9	18.1	0.2	0.6	***	2.2	0.2	0.4	43.3
2. Retirement and Savings Plan Payments (employer's share only)	85.0	98.5	76.5	21.4	74.2	56.0	63.9	55.3	46.6	58.1	103.7	53.3	55.1	45.3	156.7	84.2	74.2	127.6	21.8	36.6	77.4	67.4	48.2	75.4
a. Defined benefit pension plan contributions	41.1	55.3	18.7	16.5	23.8	25.6	28.0	6.6	38.8	27.1	77.6	28.4	26.6	8.6	106.7	15.1	29.6	81.4	8.8	4.1	17.5	35.2	15.8	17.7
b. Defined contribution plan payments	19.2	27.8	51.2	3.0	30.5	25.5	24.1	18.0	4.5	10.3	14.8	13.8	19.6	12.5	38.3	61.3	12.3	18.0	11.0	9.6	50.9	12.6	2.2	5.0
c. Money purchase plans	0.8	1.6	***	***	14.1	***	***	***	***	20.0	0.1	***	***	0.5	2.3	3.0	0.2	0.1	***	0.3	0.9	0.3	1.0	***
d. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	16.5	4.1	0.9	0.8	1.4	0.1	0.2	18.8	***	***	2.6	4.3	***	9.1	1.8	0.5	26.4	16.5	***	21.6	0.6	9.7	4.4	51.0
e. Costs of plan administration	1.4	1.1	0.6	0.7	3.7	0.6	3.0	1.7	2.3	0.7	1.6	1.3	4.7	0.3	1.3	1.1	1.6	4.3	1.2	0.3	2.6	1.4	1.3	0.6
f. Other	6.1	8.6	5.2	0.4	0.8	4.2	8.5	10.2	1.9	***	7.1	5.5	4.2	14.4	6.4	3.1	4.1	7.4	0.9	0.7	5.0	8.1	23.5	1.0
3. Life Insurance and Death Benefits (employer's share only)	6.1	6.5	6.5	6.3	4.5	7.0	7.3	10.6	17.5	6.6	7.1	5.7	6.4	3.8	8.0	4.4	5.8	10.0	1.4	0.9	4.5	7.2	2.2	6.3
4. Medical and Medically-Related Benefit Payments (employer's share only)	105.4	138.5	79.3	50.2	114.1	51.3	132.3	97.5	273.4	85.2	232.1	99.5	109.8	110.6	172.2	93.0	78.8	132.0	34.2	72.3	67.6	85.9	57.2	72.0
a. Hospital, surgical, medical, and major medical insurance premiums (net)	77.4	93.6	58.2	43.7	71.5	43.0	91.2	84.4	153.1	71.9	125.7	85.6	84.6	71.1	118.4	74.9	64.4	99.1	27.0	69.9	58.6	67.0	49.6	61.8
b. Retiree (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	7.6	13.4	4.8	2.3	20.6	1.4	18.8	3.9	33.6	2.9	79.4	5.1	6.1	11.1	13.0	6.0	2.9	6.3	2.3	0.4	2.1	4.4	0.9	1.8
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	6.7	12.7	5.4	0.4	10.7	2.6	7.3	4.1	11.6	4.3	8.2	2.9	7.0	14.7	15.3	2.0	1.8	6.4	0.6	1.1	0.9	1.8	1.8	0.4
d. Long-term disability or wage continuation (insured, self-administered, or trust)	2.4	2.8	2.4	0.1	2.2	0.9	1.7	0.9	12.2	0.7	2.3	2.1	1.3	0.8	4.6	1.0	2.2	4.2	0.8	0.1	2.2	6.9	1.9	0.8
e. Dental insurance premiums	7.1	11.4	7.2	3.6	4.4	2.5	11.8	3.8	18.0	5.1	12.3	2.8	8.7	9.3	15.0	5.6	3.7	10.3	1.6	0.4	3.0	3.4	2.4	2.1
f. Other (vision care, physical and mental fitness, benefits for former employees)	4.2	4.6	1.2	0.1	4.8	0.9	1.6	0.5	44.8	0.4	4.3	1.0	2.1	3.6	5.9	3.5	3.8	5.7	1.9	0.6	0.7	2.4	0.6	5.2
5. Paid Rest Periods, Coffee Breaks, Lunch Periods, Wash-Up Time, Travel Time, Clothes-Change Time, Get-Ready Time, Etc.	42.4	44.9	30.8	16.8	24.9	19.9	16.5	33.7	17.0	19.4	15.1	31.5	42.5	18.5	75.9	41.4	40.4	44.3	37.7	45.9	27.5	18.0	32.2	47.0
6. Payments For Time Not Worked	128.2	138.3	77.4	55.2	112.0	95.7	165.1	156.5	138.2	101.2	118.9	90.6	132.4	144.6	147.8	138.8	120.0	155.3	66.8	59.6	69.1	129.7	118.2	135.6
a. Payments for or in lieu of vacations	65.5	70.7	42.6	32.3	51.4	56.0	84.2	91.3	89.6	54.4	80.0	52.6	67.4	73.1	73.7	64.1	61.3	72.5	35.1	44.9	33.4	61.6	61.8	71.4
b. Payments for or in lieu of holidays	39.6	48.0	27.1	19.5	18.5	31.6	52.8	53.9	38.0	41.2	24.6	30.7	48.6	46.4	56.5	43.4	32.8	46.8	19.6	4.6	22.5	44.2	26.8	34.0
c. Sick leave pay	17.1	11.8	6.4	0.5	3.3	5.9	17.4	8.0	4.1	4.5	4.2	4.2	14.0	16.6	10.2	16.6	21.3	26.4	10.4	8.3	10.5	17.6	23.2	26.8
d. Parental leave (maternity and paternity leave payments)	2.3	1.8	0.8	2.2	0.9	0.5	3.0	0.9	2.8	1.1	1.2	1.5	0.9	1.5	2.1	1.4	2.8	4.5	1.7	1.6	1.5	1.2	2.0	3.1
e. Other	3.8	6.1	0.5	0.8	38.0	1.7	7.7	2.5	3.8	***	8.9	1.6	1.6	7.0	5.3	13.2	1.9	5.1	0.1	0.2	1.3	5.0	4.4	0.3
7. Miscellaneous Benefit Payments	16.5	25.5	11.9	2.0	11.4	15.0	21.5	4.2	6.3	4.8	25.4	10.9	12.8	15.6	40.3	10.0	9.3	12.3	16.7	6.7	11.9	16.4	7.8	3.8
a. Discounts on goods and services purchased from company by employees	3.0	2.9	0.9	0.4	***	0.8	0.3	0.2	0.1	***	***	0.1	***	0.5	6.2	0.3	3.1	1.8	16.6	1.8	1.0	1.2	0.5	0.4
b. Employee meals furnished by company	1.3	1.3	1.4	***	***	0.2	1.3	0.1	0.3	3.7	0.5	0.6	***	3.6	***	0.8	1.2	1.4	***	0.4	3.4	5.3	2.0	0.3
c. Employee education expenditures	2.0	2.6	1.7	0.2	10.0	1.2	2.0	1.4	0.6	1.1	0.4	1.1	2.6	1.9	3.3	2.8	1.6	3.0	***	0.4	3.2	3.6	3.0	0.6
d. Child Care	7.3	13.7	5.0	0.6	0.2	7.1	9.2	2.4	4.9	***	20.7	4.7	8.6	4.7	24.8	1.2	2.3	4.3	***	2.1	3.6	4.6	1.5	1.5
e. Other	2.9	5.0	2.9	0.8	1.2	5.7	8.7	0.1	0.4	***	3.8	4.4	1.6	4.9	6.0	4.9	1.1	1.8	***	2.0	0.7	1.7	0.8	1.0

*Includes research, engineering, education, government agencies, construction, etc.
***Less than 0.05¢.

TABLE 8. Employee Benefits as Dollars per Year per Employee, by Type of Benefit and Industry Groups, 1986

Type of benefit	Total, all industries	Manufacturing industries															Nonmanufacturing industries							
		Total, all manufacturing	Food, beverages, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding mach. and trans. equipment)	Machinery (excluding electrical)	Electrical machinery, equipment, and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as dollars per year per employee	10,283	12,035	7,580	4,743	9,922	6,919	11,287	11,755	13,450	7,748	13,402	8,497	10,461	9,380	15,448	10,403	8,917	12,712	5,102	6,107	7,153	8,315	7,172	9,494
1. Legally Required Payments (employer's share only)	2,333	2,499	1,861	1,711	2,836	1,874	2,786	4,238	2,828	2,022	3,038	2,414	2,713	2,161	2,732	2,578	2,203	2,665	1,546	1,800	1,778	1,931	1,676	2,464
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	1,588	1,884	1,529	1,115	1,921	1,562	2,270	2,376	1,673	1,599	1,876	1,665	2,038	1,801	1,984	1,832	1,357	2,213	1,058	1,202	1,451	1,626	1,440	996
b. Unemployment Compensation	258	375	203	412	417	173	319	732	369	275	601	340	394	232	489	273	166	190	232	221	184	221	74	116
c. Workers' Compensation (including estimated cost of self-insured)	277	233	121	183	449	136	196	1,130	785	149	559	410	238	124	256	286	311	259	244	378	98	79	154	457
d. State sickness benefits insurance	211	8	8	0	49	3	1	0	1	0	2	0	43	4	3	187	369	3	12	0	46	5	9	895
2. Retirement and Savings Plan Payments (employer's share only)	1,762	2,077	1,549	428	1,542	1,154	1,335	1,163	991	1,209	2,140	1,112	1,189	966	3,317	1,772	1,516	2,663	434	710	1,612	1,325	996	1,558
a. Defined benefit pension plan contributions	851	1,167	378	330	495	527	586	139	825	564	1,601	592	573	183	2,258	318	604	1,698	175	80	365	692	326	365
b. Defined contribution plan payments	398	586	1,036	60	634	526	505	379	96	215	304	288	424	267	810	1,290	252	375	219	187	1,060	247	45	104
c. Money purchase plans	16	33	0	0	292	0	0	1	0	415	2	1	0	11	50	64	3	1	0	5	18	6	20	0
d. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	342	87	18	15	28	2	4	395	0	0	54	91	1	195	37	11	540	344	0	418	13	191	91	1,055
e. Costs of plan administration	29	24	12	14	76	12	63	35	49	14	33	26	100	6	27	23	33	90	23	5	53	28	27	13
f. Other	126	181	105	9	16	87	177	215	20	0	146	115	91	307	35	65	83	155	17	14	104	160	486	21
3. Life Insurance and Death Benefits (employer's share only)	127	137	132	125	94	144	153	222	372	138	147	119	137	80	170	92	119	209	27	18	94	142	46	129
4. Medical and Medically-Related Benefit Payments (employer's share only)	2,184	2,921	1,605	1,003	2,371	1,057	2,766	2,048	5,820	1,773	4,788	2,076	2,370	2,360	3,643	1,957	1,610	2,754	681	1,403	1,408	1,690	1,182	1,488
a. Hospital, surgical, medical, and major medical insurance premiums (net)	1,604	1,974	1,179	873	1,485	886	1,906	1,774	3,259	1,496	2,593	1,785	1,826	1,516	2,506	1,576	1,316	2,068	538	1,356	1,220	1,318	1,025	1,278
b. Retiree (nayments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	157	283	98	47	427	29	393	81	716	59	1,637	107	132	236	276	126	59	131	46	7	44	86	19	37
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	139	268	109	8	222	54	152	86	247	89	169	60	151	314	324	42	38	134	11	21	20	36	38	7
d. Long-term disability or wage continuation (insured, self-administered, or trust)	50	58	49	2	45	18	35	18	260	14	46	44	26	16	97	21	44	88	16	2	46	135	40	17
e. Dental insurance premiums	148	241	146	71	92	52	246	80	384	105	253	59	188	199	317	119	75	214	32	7	63	67	49	42
f. Other (vision care, physical and mental fitness, benefits for former employees)	86	97	24	1	99	17	34	10	954	9	89	21	45	78	124	73	78	119	38	11	15	48	11	107
5. Paid Rest Periods, Coffee Breaks, Lunch Periods, Wash-Up Time, Travel Time, Clothes-Change Time, Get-Ready Time, Etc.	879	946	625	335	515	410	346	708	363	403	311	658	918	394	1,606	872	826	924	751	890	573	353	667	972
6. Payments For Time Not Worked	2,656	2,917	1,568	1,102	2,328	1,971	3,451	3,288	2,942	2,104	2,452	1,890	2,857	3,085	3,128	2,922	2,453	3,240	1,331	1,156	1,440	2,552	2,445	2,804
a. Payments for or in lieu of vacations	1,357	1,491	863	645	1,067	1,154	1,761	1,918	1,907	1,131	1,649	1,097	1,454	1,560	1,559	1,350	1,252	1,512	698	872	695	1,212	1,278	1,477
b. Payments for or in lieu of holidays	820	1,011	549	388	385	650	1,103	1,132	809	857	508	641	1,048	990	1,196	914	670	977	391	90	468	870	555	703
c. Sick leave pay	354	249	130	9	67	122	363	168	87	93	87	88	301	353	216	350	435	552	206	160	218	347	480	553
d. Parental leave (maternity and paternity leave payments)	48	37	15	44	20	9	63	19	60	23	25	31	20	32	44	30	56	93	34	30	32	24	41	65
e. Others	78	129	10	15	789	35	161	52	80	0	183	33	34	149	111	278	38	106	2	4	26	99	91	6
7. Miscellaneous Benefit Payments	342	538	240	39	237	308	450	88	134	99	525	227	276	333	852	210	190	256	332	129	248	322	161	78
a. Discounts on goods and services purchased from company by employees	63	62	19	8	0	16	6	5	2	0	0	2	0	11	132	6	63	38	331	36	21	23	11	8
b. Employee meals furnished by company	26	28	28	0	0	4	26	3	6	76	9	12	1	77	0	16	25	28	0	7	72	103	41	6
c. Employee education expenditures	41	54	34	4	207	24	41	29	12	23	8	23	57	41	69	60	32	63	0	8	67	72	63	13
d. Child Care	159	308	88	6	2	39	89	32	104	0	433	37	121	144	554	77	42	87	1	41	23	80	31	31
e. Other	53	87	71	21	27	225	289	19	10	0	75	154	97	59	97	52	27	38	0	38	66	43	16	21

*Includes research, engineering, education, government agencies, construction, etc.

6. REGIONAL VARIATIONS

Table 9 illustrates benefit payments by region for the various industry groups. The regions are based on divisions used by the U.S. Census Bureau.

Firms in the East North Central paid in excess of 47 percent in employee benefits, considerably more than the 1985 average of 39.5 percent. The very high level of benefits in this region is due in part to a number of older firms paying large sums for retiree health insurance.

The variation in other parts of the nation were not statistically significant. The lowest level of benefits, 35.5 percent of payroll, was reported in the Northeast. Firms in the West paid 36.1 percent, down slightly from 1985. In the Southeast, employers paid 36.6 percent of payroll for benefits, a slight increase from 1985. This hike reverses a trend in the Southeast of consistently paying lower levels of benefits.

TABLE 9. Employee Benefits as Percent of Payroll, by Region and Industry Groups, 1986

Industry group	Total, all regions*	Northeast*	East North Central*	Southeast*	West*
Total, all industries	39.3	35.5	47.2	36.6	36.1
Total, all manufacturing	42.0	36.1	52.7	30.0	36.7
Manufacture of:					
Food, beverages, and tobacco	34.2	35.1	31.6	35.3	34.9
Textile products and apparel	28.8	32.5	**	27.3	**
Pulp, paper, lumber, and furniture	36.0	**	34.5	24.2	37.0
Printing and publishing	29.0	**	**	26.3	29.6
Chemicals and allied products	33.3	33.0	38.9	29.4	19.3
Petroleum industry	31.7	**	**	31.3	**
Rubber, leather, and plastic products	56.9	**	57.4	**	**
Stone, clay, and glass products	33.2	**	32.5	**	**
Primary metal industries	51.1	60.0	38.3	39.0	57.2
Fabricated metal products (excluding machinery and transportation equipment)	34.8	42.7	35.9	30.8	**
Machinery (excluding electrical)	34.5	36.0	37.7	27.1	28.2
Electrical machinery, equipment, and supplies	33.9	35.8	30.9	24.3	32.3
Transportation equipment	50.5	35.2	56.9	35.3	38.7
Instruments and miscellaneous manufacturing industries	36.0	32.3	61.4	27.4	37.0
Total, all nonmanufacturing	36.8	34.6	37.3	38.1	35.6
Public utilities (electric, gas, water, telephone, etc.)	38.7	43.0	37.8	36.8	39.4
Department stores	33.5	**	35.7	**	**
Trade (wholesale and other retail)	35.7	30.3	32.4	27.5	37.5
Banks, finance companies, and trust companies	30.4	29.7	31.4	35.1	29.5
Insurance companies	34.2	34.1	34.8	34.9	32.2
Hospitals	34.2	32.7	36.1	31.1	34.4
Miscellaneous nonmanufacturing industries***	38.3	28.7	42.1	38.8	33.5
Number of companies	833	196	232	196	209

States in each region are:

NORTHEAST: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

EAST NORTH CENTRAL: Illinois, Indiana, Michigan, Ohio, and Wisconsin.

SOUTHEAST: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

WEST: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.

**Fewer than three companies reporting.*

***Includes research, engineering, education, government agencies, construction, etc.*

7. SIZE OF COMPANY VARIATIONS

In 1986, larger firms paid more benefits than smaller firms, as shown in Table 10.

Companies with 5,000 or more employees paid 39.8 percent of payroll for benefits, a 0.7 percent increase from 1985. However, payments were nearly identical in the two years if retiree health insurance payments were not calculated in the 1986 totals.

Firms with 100 to 5,000 employees appear to have very similar patterns of employee benefits, ranging from 35.4 percent of payroll to 35.6 percent of payroll. These figures indicate that small firms are spending about 3.4 percent less on benefits than the larger firms.

Regardless of industry, firms with less than 100 employees generally had the lowest level of benefits. Smaller firms are usually owner-operated and consequently cannot offer the same amount of benefits as larger firms. Bigger companies often go to the expense of hiring a benefits specialist to administer a plan for the firm's employees.

TABLE 10. Employee Benefits as Percent of Payroll, by Size of Company and Industry Groups, 1986

Industry group	Total all companies	Number of employees					
		Under 100	100-499	500-999	1,000-2,499	2,500-4,999	5,000 and over
Total, all industries	39.3	32.8	35.5	36.6	35.7	35.6	39.7
Total, all manufacturing	42.0	35.6	37.2	37.3	36.7	35.1	42.4
Manufacture of:							
Food, beverages, and tobacco	34.2	28.0	25.2	*	40.7	32.7	34.1
Textile products and apparel	28.8	*	32.2	26.7	29.4	*	28.7
Pulp, paper, lumber, and furniture	36.0	*	31.1	*	*	*	36.8
Printing and publishing	29.0	*	34.7	38.2	*	*	*
Chemicals and allied products	33.3	*	41.7	44.7	28.9	*	32.8
Petroleum industry	31.7	30.2	32.8	*	33.8	*	*
Rubber, leather, and plastic products	56.9	36.3	43.3	*	*	*	*
Stone, clay, and glass products	33.2	*	36.1	*	*	*	*
Primary metal industries	51.1	*	37.4	38.7	45.5	42.6	54.6
Fabricated metal products (excluding machinery and transportation equipment)	34.8	26.5	38.5	37.4	*	*	*
Machinery (excluding electrical)	34.5	35.4	38.2	39.5	36.2	36.4	32.7
Electrical machinery, equipment, and supplies	33.9	*	37.4	37.5	33.0	29.0	33.9
Transportation equipment	50.5	*	65.0	39.1	50.7	*	50.5
Instruments and miscellaneous manufacturing industries	36.0	41.0	33.4	44.7	36.9	38.3	*
Total, all nonmanufacturing	36.8	30.2	33.9	36.3	35.2	35.8	37.1
Public utilities (electric, gas, water, telephone, etc.)	38.7	44.7	41.2	41.5	39.8	39.2	38.5
Department stores	33.5	*	*	*	*	*	33.5
Trade (wholesale and other retail)	35.7	35.1	25.0	25.5	*	*	36.3
Banks, finance companies, and trust companies	30.4	33.3	30.0	31.4	33.9	26.6	30.7
Insurance companies	34.2	21.6	35.2	34.1	33.5	37.4	33.8
Hospitals	34.2	*	34.3	32.7	34.6	34.0	*
Miscellaneous nonmanufacturing industries**	38.3	25.7	29.2	44.0	30.5	34.0	38.7
Number of companies	833	69	192	125	183	97	167

Fewer than three companies reporting.

***Includes research, engineering, education, government agencies, construction, etc.*

8. PENSION AND INSURANCE COSTS

This year's survey has sought to capture data that is indicative of the changing trends in employee benefit programs. For the first time we have collected data to demonstrate the different plans available to employees and employers. We also used the information to calculate the cost of implementing the plans.

Employer payments under the various types of programs are on a net basis after deducting dividends or credits returned to employers. In addition, some firms that had pension plans reported they did not have to contribute to these funds because the value of their portfolios had placed their plans on a fully funded basis without additional contributions.

Pensions

As shown in Table 11, 98 of the 833 firms that participated in this year's survey indicated they did not make any contributions to pension plans for their employees. Fifty firms reported that they contributed more than 14 percent of payroll.

The average payment to pension plans in 1986 was 6.7 percent of payroll. About half of the funds

TABLE 11. Pension Payments, Bonuses, and Savings Plan Payments by Industry Group, 1986

Industry group	Total companies in survey	Number of companies paying specified percent of payroll for pensions								
		0%	0.1-1.9%	2.0-3.9%	4.0-5.9%	6.0-7.9%	8.0-9.9%	10.0-11.9%	12.0-13.9%	14.0% and over
Total, all industries	833	98	74	173	154	117	88	53	26	50
Total, all manufacturing	341	59	35	74	55	44	27	13	9	25
Manufacture of:										
Food, beverages, and tobacco	38	9	2	8	5	5	3	4	1	1
Textile products and apparel	19	3	3	7	3	1	...	...	1	1
Pulp, paper, lumber, and furniture	15	2	1	5	1	5	...	...	...	1
Printing and publishing	10	2	1	1	1	2	2	1	...	...
Chemicals and allied products	21	4	1	5	1	5	2	1	...	2
Petroleum industry	16	2	1	4	3	1	3	...	2	...
Rubber, leather, and plastic products	10	4	1	1	2	...	...	...	...	2
Stone, clay, and glass products	5	1	...	1	2	...	...	1	...	...
Primary metal industries	22	2	2	4	3	1	3	2	1	4
Fabricated metal products (excluding machinery and transportation equipment)	29	3	3	5	6	6	4	...	1	1
Machinery (excluding electrical)	40	8	6	8	4	6	4	1	2	1
Electrical machinery, equipment, and supplies	47	9	7	11	10	6	2	...	...	2
Transportation equipment	39	3	6	5	10	4	2	3	1	5
Instruments and miscellaneous manufacturing industries	30	7	1	9	4	2	2	...	...	5
Total, all nonmanufacturing	492	39	39	99	99	73	61	40	17	25
Public utilities (electric, gas, water, telephone, etc.)	122	7	2	17	13	20	26	15	8	14
Department stores	7	...	3	3	1	...	...	...	...	...
Trade (wholesale and other retail)	27	7	5	3	5	4	1	2	...	...
Banks, finance companies, and trust companies	66	1	5	18	14	14	7	3	3	1
Insurance companies	85	3	3	23	21	12	11	8	1	3
Hospitals	75	9	9	18	27	5	3	3	1	...
Miscellaneous nonmanufacturing industries*	110	12	12	17	18	18	13	9	4	7

*Includes research, engineering, education, government agencies, construction, etc.

went to the traditional defined benefit plans, with the rest going into various forms of defined contribution plans, employee stock purchase plans, and other programs that do not require long-term funding. In addition 0.1 percent of payroll went to administering these plans.

This year's data was collected differently for pension and profit sharing plans. We have collected the data in what we believe to be an improved manner and as such, have accounted for all thrift and retirement plans more consistently.

Last year's data on pension plans reflected only payments to pension plans. Payments to profit sharing plans, bonuses, and contributions to employee thrift plans were reported separately as part of "other items." This year these items are included under pension plan payments. Details are shown in Table 12.

This year's data seems to indicate an increase in pension plan payments from 4.2 to 6.7 percent of payroll. However, after taking into account the changes in reporting, pension plan payments have only increased from 6.0 percent of payroll in 1985 to 6.7 percent in 1986.

TABLE 12. Pension Payments, Bonuses, and Savings Plan Payments by Type of Pension and Industry Group, 1986

Industry group	Total companies in survey	Pension payments as percent of payroll						
		Total	Defined benefit pension plan contributions	Defined contribution plan payments	Money purchase plans	Pension plan premiums	Costs of plan administration	Other
Total, all industries	833	6.7	3.3	1.5	0.1	1.3	0.1	0.5
Total, all manufacturing	341	7.2	4.1	2.0	0.1	0.3	0.1	0.6
Manufacture of:								
Food, beverages, and tobacco	38	7.0	1.7	4.7	**	0.1	0.1	0.5
Textile products and apparel	19	2.6	2.0	0.4	**	0.1	0.1	0.1
Pulp, paper, lumber, and furniture	15	5.6	1.8	2.3	1.1	0.1	0.3	0.1
Printing and publishing	10	4.8	2.2	2.2	**	**	0.1	0.4
Chemicals and allied products	21	3.9	1.7	1.5	**	**	0.2	0.5
Petroleum industry	16	3.1	0.4	1.0	**	1.1	0.1	0.6
Rubber, leather, and plastic products	10	4.2	3.5	0.4	**	**	0.2	0.1
Stone, clay, and glass products	5	5.2	2.4	0.9	1.8	**	0.1	**
Primary metal industries	22	8.2	6.1	1.2	**	0.2	0.1	0.6
Fabricated metal products (excluding machinery and transportation equipment)	29	4.6	2.4	1.2	**	0.4	0.1	0.5
Machinery (excluding electrical)	40	3.9	1.9	1.4	**	**	0.3	0.3
Electrical machinery, equipment, and supplies	47	3.5	0.7	1.0	**	0.7	**	1.1
Transportation equipment	39	10.8	7.4	2.6	0.2	0.1	0.1	0.4
Instruments and miscellaneous manufacturing industries	30	6.1	1.1	4.5	0.2	**	0.1	0.2
Total, all nonmanufacturing	492	6.3	2.5	1.0	**	2.2	0.1	0.3
Public utilities (electric, gas, water, telephone, etc.)	122	8.1	5.2	1.1	**	1.1	0.3	0.5
Department stores	7	2.9	1.2	1.4	**	**	0.2	0.1
Trade (wholesale and other retail)	27	4.2	0.5	1.1	**	2.5	**	0.1
Banks, finance companies, and trust companies	66	6.9	1.6	4.5	0.1	0.1	0.2	0.4
Insurance companies	85	5.5	2.9	1.0	**	0.8	0.1	0.7
Hospitals	75	4.8	1.6	0.2	0.1	0.4	0.1	2.3
Miscellaneous nonmanufacturing industries*	110	6.3	1.5	0.4	**	4.3	0.1	0.1

Includes research, engineering, education, government agencies, construction, etc.

9. PERCENT OF COMPANIES PAYING EMPLOYEE BENEFITS

Payments for government mandated programs were virtually universal for all firms surveyed. The exception was government enterprises that are exempt from participating because many of their programs predate the enactment of the Social Security system. Details are shown in Tables 13 and 14.

Vacation and holiday payments did not differ significantly from 1985. In 1986, firms participating in the survey reported paying 86 percent for vacation and 83 percent for holidays. Seventy-six percent of the firms reported payment for sick leave, compared to 78 percent in 1985.

One benefit that became more prevalent in the 1986 survey was long-term disability insurance. Payments jumped to 61 percent in 1986, compared to 50 percent in 1985, according to firms surveyed.

Employee education also became a more important benefit. The number of firms reporting such payment increased from 69 to 76 percent since last year's survey.

In 1986, we collected for the first time data on payment for health insurance for retirees. The information was included because, unlike pension plans that generally have a separate fund for future needs, health insurance for retirees is drawn from current operating funds. Thirty-four percent of all firms reported they paid for retiree health insurance. In some firms the payments for health insurance, on a per employee-basis, amounted to nearly as much as the cost of health insurance for their active employees.

Another significant benefit reported for the first time this year was payment for child care. Forty-eight percent of the firms in the survey reported making some payment toward either off-premise child care or on-premise child care. This illustrates that employers are responding to a rapidly growing need for child care due to an increase in the number of women entering the labor force. Statistics also indicate that in 1986 employers are beginning to face up to a labor shortage that may emerge as the 21st century approaches.

TABLE 13. Percent of Companies Paying Employee Benefits, 1986

Type of benefit	Manufacturing industries															Nonmanufacturing industries								
	Total, all industries	Total, all manufacturing	Food, beverages, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding mach. and trans. equipment)	Machinery (excluding electrical)	Electrical machinery, equipment, and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
1. Legally required payments (employer's share only):																								
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	99	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	99	99	100	100	100	100	100	99
b. Unemployment Compensation	97	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	96	97	100	100	97	99	95	95
c. Workers' Compensation (including estimated cost of self-insured)	94	95	92	100	87	90	81	81	100	100	100	93	100	100	92	100	94	99	86	100	89	96	96	87
d. State sickness benefits insurance	17	16	13	5	27	20	19	0	10	0	14	10	13	23	25	23	17	11	29	19	24	25	9	16
2. Retirement and Savings Plan Payments (employer's share only)																								
a. Defined benefit pension plan contributions	58	58	50	47	67	80	48	44	50	80	86	48	63	53	74	43	59	70	57	44	55	65	65	43
b. Defined contribution plan payments	43	47	50	47	40	50	62	75	20	40	50	41	40	45	44	50	40	51	71	41	65	39	9	31
c. Money purchase plans	4	4	0	0	13	0	0	6	0	20	5	3	0	2	10	7	4	2	0	4	6	5	8	3
d. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	16	13	8	11	20	30	10	25	0	0	14	14	8	17	18	7	18	17	0	7	12	19	19	25
e. Costs of plan administration	46	41	42	63	53	40	43	63	40	60	36	28	40	32	36	43	49	51	57	33	61	56	45	39
f. Other	24	21	29	26	20	40	14	25	20	0	9	21	23	21	26	10	26	37	14	26	23	35	15	19
3. Life Insurance and Death Benefits (employer's share only)	93	92	92	95	80	90	100	94	100	60	100	86	95	91	95	87	94	96	86	89	95	98	96	88
4. Medical and Medically-Related Benefit Payments (employer's share only)																								
a. Hospital, surgical, medical, and major medical insurance premiums (net)	98	97	95	100	100	100	100	94	100	80	95	97	100	94	100	97	99	98	100	100	100	100	100	98
b. Retiree (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	34	32	24	26	47	40	48	19	20	40	36	21	28	28	44	37	35	44	43	26	47	48	15	24
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	41	52	37	42	80	50	48	25	60	40	50	48	63	66	51	47	33	26	43	44	24	44	37	33
d. Long-term disability or wage continuation (insured, self-administered, or trust)	61	48	63	32	53	50	52	44	40	40	64	45	38	47	54	40	71	72	71	37	88	82	77	54
e. Dental insurance premiums	56	53	50	21	40	40	67	50	40	40	59	52	60	68	51	57	58	66	43	44	52	51	67	58
f. Other (vision care, physical and mental fitness, benefits for former employees)	35	34	39	11	20	30	19	19	40	40	45	31	40	45	33	33	36	39	0	26	29	51	29	35
5. Paid Rest Periods, Coffee Breaks, Lunch Periods, Wash-Up Time, Travel Time, Clothes-Change Time, Get-Ready Time, Etc.	76	81	76	84	80	90	67	63	80	100	68	86	90	85	79	90	72	80	86	70	74	61	93	54
6. Payments For Time Not Worked																								
a. Payments for or in lieu of vacations	86	85	66	84	93	90	90	88	80	100	86	83	90	91	82	83	87	95	86	78	67	93	97	82
b. Payments for or in lieu of holidays	83	82	61	74	93	90	95	75	80	100	86	79	90	89	79	77	84	96	71	56	68	93	83	82
c. Sick leave pay	76	65	71	58	33	90	76	63	50	60	55	48	68	68	69	73	85	95	86	74	76	85	89	78
d. Parental leave (maternity and paternity leave payments)	61	64	42	68	73	50	67	44	50	80	77	72	68	55	77	73	58	82	43	33	32	61	63	49
e. Other	42	39	26	42	40	40	48	50	30	0	55	28	40	43	44	40	44	66	14	30	26	47	39	37
7. Miscellaneous Benefit Payments																								
a. Discounts on goods and services purchased from company by employees	18	12	21	21	13	40	10	19	20	0	0	10	8	6	10	13	21	24	71	37	15	24	33	5
b. Employee meals furnished by company	25	17	29	5	27	10	38	19	20	20	18	10	8	21	10	7	31	33	0	22	36	51	32	13
c. Employee education expenditures	76	70	63	47	80	60	86	69	60	80	73	55	65	81	82	70	79	84	29	63	86	91	85	65
d. Child Care	61	62	47	74	80	60	71	38	90	20	50	55	65	70	54	73	61	66	43	67	59	81	61	39
e. Other	48	45	37	16	40	30	43	63	50	0	59	28	58	49	62	37	50	68	14	41	41	61	48	33

*Includes research, engineering, education, government agencies, construction, etc.

TABLE 14. Average Benefit Costs as Percent of Payroll for Companies Paying Employee Benefits, 1986

Type of benefit	Total, all industries	Manufacturing industries														Nonmanufacturing industries								
		Total, all manufacturing	Food, beverages, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding mach. and trans. equipment)	Machinery (excluding electrical)	Electrical machinery, equipment, and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
1. Legally Required Payments (employer's share only):																								
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.1	6.6	6.9	6.8	7.0	6.6	6.7	6.4	7.1	6.9	7.1	6.8	6.7	6.5	6.5	6.4	5.6	6.7	6.9	7.0	6.2	6.8	6.9	4.0
b. Unemployment Compensation	1.1	1.3	0.9	2.5	1.5	0.7	0.9	2.0	1.6	1.2	2.4	1.4	1.3	0.8	1.7	1.0	0.9	0.6	1.5	1.3	0.8	0.9	0.4	1.1
c. Workers' Compensation (including estimated cost of self-insured)	1.1	0.9	0.6	1.1	2.1	0.6	0.7	3.2	3.3	0.6	2.1	1.7	0.8	0.5	0.9	1.0	1.3	0.9	1.6	2.2	0.4	0.3	0.7	1.9
d. State sickness benefits insurance	0.1	0.0	0.2	0.0	0.4	0.3	0.0	0.0	0.7	0.0	0.0	0.0	0.3	0.0	0.0	0.1	0.2	0.1	0.1	0.1	0.5	0.0	0.7	0.1
2. Retirement and Savings Plan Payments (employer's share only)																								
a. Defined benefit pension plan contributions	5.0	4.8	3.2	2.2	2.4	2.3	3.2	0.5	3.6	2.4	9.4	3.8	3.3	0.9	7.4	2.4	5.3	6.5	1.6	2.6	3.0	4.1	3.0	7.5
b. Defined contribution plan payments	2.8	3.0	5.9	0.5	4.3	3.7	3.1	2.8	16.1	1.0	2.0	3.2	2.2	1.7	3.3	6.9	2.4	2.1	1.7	1.3	5.2	2.0	4.8	2.5
c. Money purchase plans	2.1	2.2	0.0	0.0	3.6	0.0	0.0	3.6	0.0	2.4	0.6	0.9	0.0	3.0	2.0	2.6	1.2	3.6	0.0	0.2	4.0	1.3	2.7	1.2
d. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	4.1	1.4	1.1	0.7	0.5	0.1	1.9	1.6	0.0	0.0	1.0	3.0	0.3	1.9	0.8	1.4	5.4	6.0	0.0	3.5	0.4	2.3	2.5	6.0
e. Costs of plan administration	0.3	0.2	0.2	0.1	0.4	0.4	0.5	0.1	0.2	0.1	0.3	0.3	0.6	0.1	0.2	0.3	0.3	0.4	0.4	0.0	0.4	0.3	0.4	0.3
f. Other	1.5	1.5	1.4	1.1	0.3	0.8	1.5	0.8	0.1	0.0	1.2	1.5	1.1	1.6	1.4	2.4	1.6	1.3	0.8	1.2	2.1	1.8	5.5	0.9
3. Life Insurance and Death Benefits (employer's share only)	0.5	0.5	0.6	0.8	0.4	0.6	0.5	0.6	1.6	0.6	0.6	0.5	0.5	0.4	0.6	0.6	0.5	0.6	0.2	0.3	0.5	0.6	0.2	0.6
4. Medical and Medically-Related Benefit Payments (employer's share only)																								
a. Hospital, surgical, medical, and major medical insurance premiums (net)	6.2	6.9	5.7	5.3	5.4	3.7	5.6	4.8	13.8	6.5	10.0	7.4	6.0	5.5	8.2	5.5	5.5	6.5	3.5	7.9	5.2	5.4	4.9	5.2
b. Retiree (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	1.6	1.9	0.7	0.7	1.0	0.4	1.6	0.9	3.2	0.2	8.1	3.2	1.4	1.5	2.6	0.6	1.0	1.2	0.6	0.2	0.5	0.8	0.5	1.5
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	0.9	1.1	0.6	0.1	0.8	0.4	0.9	0.3	1.1	0.5	0.8	0.5	0.7	1.2	1.1	0.4	0.6	1.0	0.3	0.5	0.4	0.5	0.7	0.2
d. Long-term disability or wage continuation (insured, self-administered, or trust)	0.3	0.3	0.4	0.2	0.3	0.4	0.3	0.2	1.1	0.1	0.3	0.3	0.2	0.1	0.5	0.2	0.3	0.4	0.1	0.1	0.2	0.8	0.2	0.3
e. Dental insurance premiums	0.8	1.0	0.8	0.6	1.0	0.3	0.9	0.6	1.7	0.5	1.2	0.5	0.8	0.8	1.1	0.8	0.7	0.8	0.4	0.5	0.5	0.7	0.6	0.6
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.5	0.6	0.4	0.3	1.0	0.2	1.3	0.0	4.3	0.1	0.4	0.4	0.3	0.5	0.5	0.6	0.5	0.6	0.9	0.2	0.2	0.3	0.2	0.5
5. Paid Rest Periods, Coffee Breaks, Lunch Periods, Wash-Up Time, Travel Time, Clothes-Change Time, Get-Ready Time, Etc.	4.3	4.2	3.4	3.6	2.6	2.4	1.7	2.2	3.7	1.7	2.3	2.9	3.4	1.5	7.1	3.5	4.5	3.5	5.7	5.9	3.9	3.9	4.6	4.7
6. Payments For Time Not Worked																								
a. Payments for or in lieu of vacations	5.6	5.5	5.1	4.0	3.9	4.9	5.3	5.3	8.2	4.8	6.4	5.0	5.6	6.1	5.2	4.9	5.8	6.0	4.6	5.1	4.3	5.1	6.2	6.3
b. Payments for or in lieu of holidays	3.4	3.7	3.3	2.7	1.4	2.8	3.3	3.1	3.6	3.7	2.0	3.5	3.6	3.9	4.0	3.4	3.1	3.3	3.0	0.7	3.5	3.6	3.3	3.1
c. Sick leave pay	1.8	1.4	1.1	0.1	0.4	0.7	1.2	1.3	1.0	1.7	0.5	0.8	1.1	1.6	1.5	1.5	2.0	1.9	1.4	1.0	1.1	1.9	2.4	2.4
d. Parental leave (maternity and paternity leave payments)	0.3	0.2	0.2	0.4	0.1	0.2	0.2	0.2	0.3	0.1	0.1	0.1	0.1	0.3	0.2	0.1	0.3	0.4	0.4	0.3	0.5	0.2	0.4	0.3
e. Other	0.6	0.6	0.4	0.1	5.3	0.4	0.6	0.7	0.9	0.0	0.9	0.4	0.3	0.7	0.4	1.3	0.5	0.5	0.1	0.1	0.6	0.9	0.8	0.2
Miscellaneous Benefit Payments																								
a. Discounts on goods and services purchased from company by employees	0.8	0.6	0.3	0.3	0.1	0.4	0.1	0.1	0.3	0.0	0.0	0.1	0.0	0.1	0.8	0.4	0.9	0.3	2.2	1.2	0.4	0.3	0.2	0.4
b. Employee meals furnished by company	0.5	0.5	0.4	0.0	0.1	0.2	0.3	0.2	0.1	0.4	0.1	0.2	0.1	0.6	0.0	0.8	0.4	0.3	0.0	0.1	0.6	0.8	0.7	0.2
c. Employee education expenditures	0.2	0.2	0.2	0.0	1.3	0.1	0.2	0.1	0.1	0.1	0.0	0.1	0.2	0.2	0.2	0.3	0.2	0.2	0.0	0.1	0.4	0.3	0.5	0.2
d. Child Care	0.3	0.5	0.5	0.2	0.1	0.5	0.8	0.0	0.1	0.1	0.5	0.6	0.1	0.5	0.5	0.6	0.1	0.2	0.0	0.3	0.1	0.2	0.2	0.1
e. Other	1.1	1.4	0.8	0.3	0.1	0.4	0.6	0.4	0.5	0.0	1.9	0.7	0.5	0.7	2.0	1.1	0.5	0.5	0.0	0.3	0.2	0.5	0.4	0.9

*Includes research, engineering, education, government agencies, construction, etc.

10. PAYROLL DEDUCTIONS FOR EMPLOYEE BENEFITS

Payroll deductions for employee benefits (Table 15) amounted to 10.2 percent of payroll. The major part of these deductions went to the Old Age, Survivors, Disability, and Health Insurance (OASDHI) programs.

Employee insurance payments amounted to 1.5 percent of payroll, indicating that employees were absorbing about 17 percent of the cost of their insurance programs.

Deductions for retirement and savings plans increased significantly during the past year. In the 1985 survey, employers reported deductions of only 0.5 percent of payroll for these plans. This year, employers reported deducting 2.7 percent of payroll. This attests to the popularity of programs such as the 401k plans that allow employees to deduct up to $7,000 per year from their pay without paying taxes until either retirement or some emergency need for money should arise. These programs will likely continue to grow in popularity because of limits on the deductibility of IRA contributions under the present tax law.

TABLE 15. Payroll Deductions for Employee Benefits, 1986

Industry group	Deductions as percent of payroll					Total cents per hour	Total dollars per year
	Total deductions	OASDHI	Medically related benefits	Retirement and savings plans	Life insurance and other		
Total, all industries	10.2	5.9	0.7	2.7	0.8	128.3	2,658
Total, all manufacturing	10.7	6.6	0.3	2.7	1.1	145.3	3,064
Food, beverages, and tobacco	11.8	7.0	0.8	3.5	0.6	129.4	2,621
Textile products and apparel	9.0	6.8	1.2	0.8	0.1	74.0	1,477
Pulp, paper, lumber, and furniture	9.4	6.9	0.1	1.4	0.9	124.4	2,585
Printing and publishing	9.0	6.6	0.9	1.3	0.1	103.7	2,136
Chemicals and allied products	13.7	6.6	0.3	6.5	0.3	221.8	4,636
Petroleum industry	9.3	6.0	0.3	2.6	0.4	164.4	3,455
Rubber, leather, and plastic products	8.1	7.5	0.0	0.4	0.2	90.5	1,926
Stone, clay, and glass products	7.5	6.8	0.5	0.0	0.1	83.8	1,744
Primary metal industries	8.3	6.9	0.1	1.2	0.1	105.9	2,185
Fabricated metal products (excluding machinery and transportation equipment)	8.2	6.8	0.3	0.8	0.2	95.5	1,993
Machinery (excluding electrical)	9.8	6.7	0.3	2.4	0.3	138.1	2,981
Electrical machinery, equipment, and supplies	13.1	6.7	0.4	4.4	1.6	169.7	3,620
Transportation equipment	9.1	6.4	0.1	1.4	1.3	131.4	2,781
Instruments and miscellaneous manufacturing industries	8.6	6.2	0.4	1.6	0.4	117.3	2,469
Total, all nonmanufacturing	10.7	6.6	0.3	2.7	1.1	145.3	3,064
Public utilities (electric, gas, water, telephone, etc.)	10.2	6.7	0.4	2.6	0.5	160.6	3,352
Department stores	9.0	6.0	0.9	1.6	0.6	69.3	1,380
Trade (wholesale and retail)	8.5	7.3	0.3	0.6	0.3	74.7	1,450
Banks, finance companies, and trust companies	10.4	6.5	1.4	2.2	0.3	116.9	2,436
Insurance companies	11.2	6.5	1.2	3.0	0.5	138.4	2,722
Hospitals	9.8	6.8	1.3	1.0	0.7	99.7	2,062
Miscellaneous nonmanufacturing industries*	9.1	3.5	1.5	3.3	0.7	109.1	2,254

*Includes research, engineering, education, government agencies, construction, etc.

11. BENEFITS PAID TO PART-TIME WORKERS

Part-time employees are not generally given all the benefits that a firm's full-time staff receives. Of the 774 firms in this survey that reported hiring part-time employees, 15.9 percent said they gave part-time employees the same benefits as full-time workers.

Health insurance was the benefit least often awarded to part-time employees, since employers must contend with large fixed costs of insurance plans. In 1986, health insurance averaged $1,604 per employee, adding substantially to the cost of employing a part-time worker.

Instead, employers have found that vacation pay for part-time workers is a less expensive benefit, because it can be accrued on the basis of time worked. Granting a part-time employee one hour of vacation for every 20 hours worked, the equivalent of two weeks of paid vacation per year, would add only 20 cents per hour to the cost of hiring a part-time employee at $5.00 per hour.

BENEFITS PROVIDED TO PART-TIME EMPLOYEES

BENEFIT	PERCENT OF FIRMS GIVING	
	PART-TIMERS BENEFIT	FULL-TIMERS BENEFIT
All benefits	**15.9**	**100**
Health insurance	**23.6**	**98**
Retirement	**33.3**	**88**
Vacation	**34.4**	**86**

12. TOTAL EMPLOYEE BENEFIT COSTS

Total employee benefit costs are estimated at $741.6 billion for 1986, as shown in Table 16.

In comparison, total benefits for 1929 are estimated at $1.5 billion, or 3 percent of that year's $50.4 billion in wages and salaries (Table 16). At that time, there were no Old-Age, Survivors, Disability, and Health Insurance or Unemployment Compensation programs. The only legally required payments were workers' compensation and government employees' retirement, totaling 0.8 percent.

Agreed-upon programs in 1929 are estimated at 0.4 percent, including small amounts for private pension and insurance programs. Rest periods are estimated at 1 percent, and time paid for but not worked is estimated at 0.7 percent. In 1929, vacations and paid holidays were usually limited to office workers, who received one-week's vacation and considerably fewer paid holidays than today. Bonuses, profit-sharing, and other miscellaneous benefits in 1929 are estimated at 0.1 percent.

Benefits for 1955 are estimated at 15.5 percent of wages and salaries, or $36 billion. This includes 3.3 percent for legally required payments, 3.6 percent for pensions, insurance and other agreed-upon payments, 3.0 percent for rest periods, 5.9 percent for vacations, holidays, sick leave and other time not worked, and 1.2 percent for bonuses, profit-sharing, and other miscellaneous payments.

The 1963 benefits are estimated at 22 percent of wages and salaries, or $68 billion. This includes 5.6 percent for legally required payments, 4.6 percent for agreed-upon payments, 3.3 percent for rest periods, 7.4 percent for time not worked, and 1.1 percent for other benefits.

Benefit payments for 1973 are estimated to have reached $190 billion, or 27.5 percent of payroll. Legally required payments at 6.3 percent; rest periods, 3.6 percent; time not worked, 8.5 percent, and bonuses, profit-sharing payments, etc., 1 percent.

Total 1986 benefits are estimated at 35.5 percent of payroll, or $742 billion. This includes 11.1 percent for legally required payments, 9.7 percent for pension, insurance, and other agreed-upon payments, and 3.3 percent for rest periods. Vacations, holiday, sick leave, and other time not worked is estimated at 10.2 percent, and bonuses, profit-sharing, and other miscellaneous payments at 1.2 percent.

CHART 2. Annual Employee Benefits and Earnings per Employee, 1986

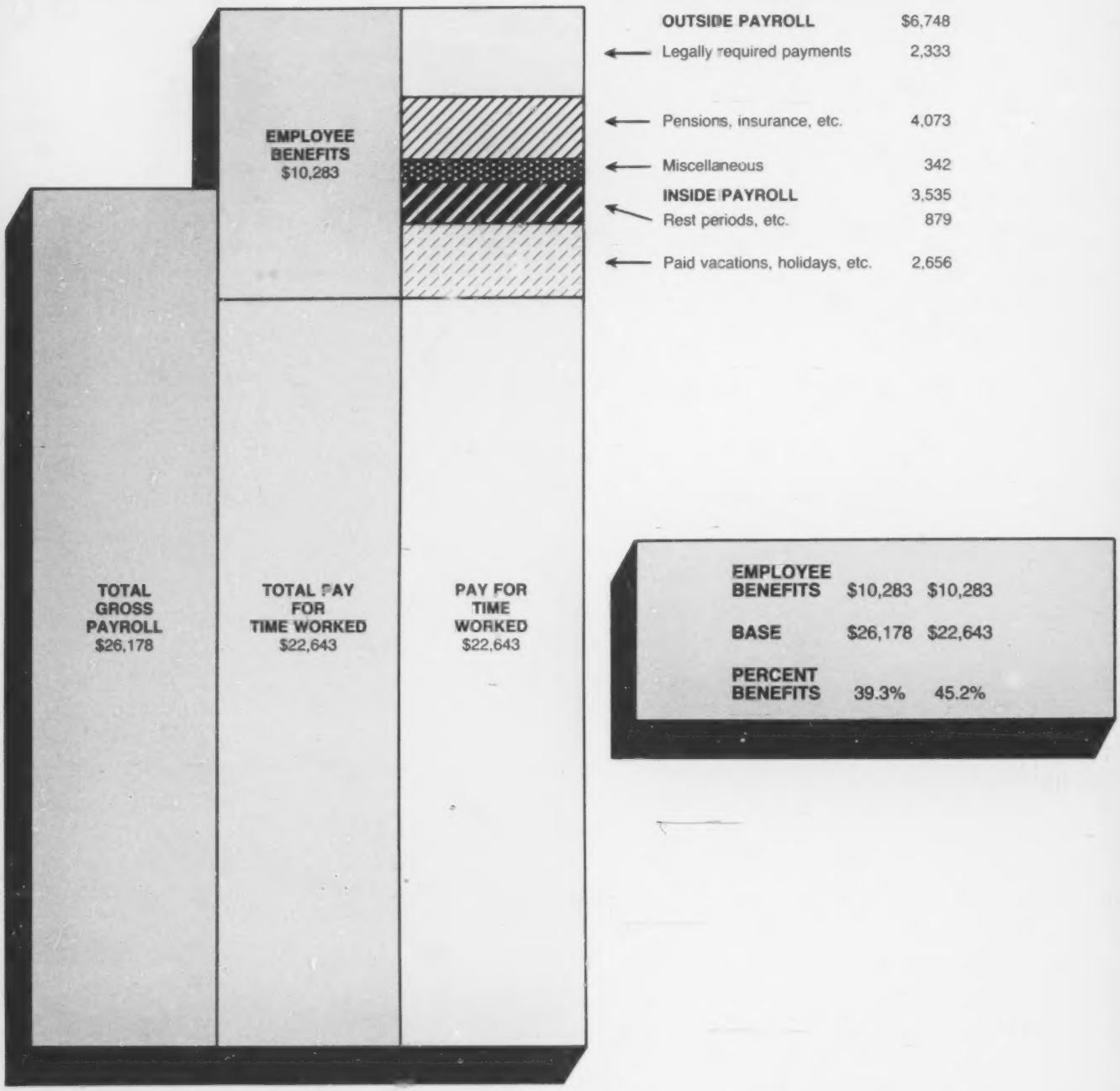


CHART 3. Total Employee Benefits as Percent of Payroll, 1953 to 1986

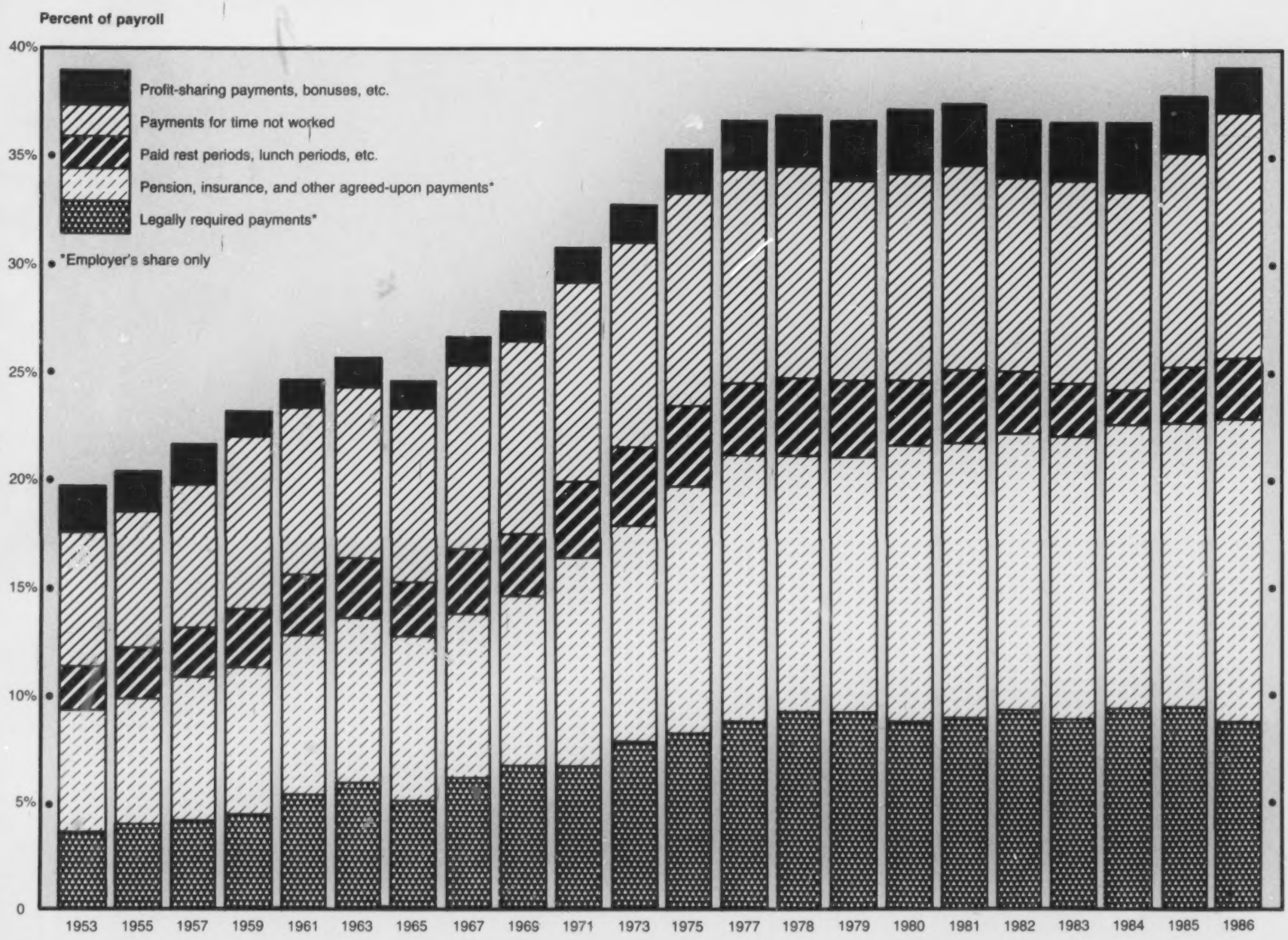


TABLE 16. Growth of Employee Benefits, 1929 to 1986

Type of payment	1929	1955	1965	1975	1986
	(Percent of wages and salaries)				
1. Legally required	0.8%	3.3%	5.3%	8.4%	11.1%
Old-Age, Survivors, Disability, and Health Insurance (FICA taxes)	0	1.4	2.3	4.6	5.9
Unemployment Compensation	0	0.7	1.0	0.8	1.2
Workers' compensation	0.6	0.5	0.7	1.0	1.0
Government employees retirement	0.2	0.5	1.0	1.7	2.8
Other	0	0.2	0.3	0.3	0.2
2. Agreed-upon	0.4	3.6	4.6	7.4	9.7
Pensions	0.2	2.2	2.3	3.6	2.8
Insurance	0.1	1.1	2.0	3.4	5.6
Other	0.1	0.3	0.3	0.4	1.3
3. Rest periods	1.0	3.0	3.1	3.7	3.3
4. Time not worked	0.7	5.9	7.3	9.4	10.2
Vacations	0.3	3.0	3.8	4.8	5.2
Holidays	0.3	2.0	2.5	3.2	3.1
Sick leave	0.1	0.8	0.8	1.2	1.4
Other	0	0.1	0.2	0.2	0.5
5. Bonuses, profit-sharing, etc.	0.1	1.2	1.2	1.1	1.2
Total benefit payments	3.0%	17.0%	21.5%	30.0%	35.5%
	(Billion dollars)				
Wages and salaries	$50.4	$210.4	$358.4	$806.6	$2,089
Total benefit payments	$ 1.5	$ 36.0	$ 77.0	$240.0	$ 741.6

Source: Estimated by U.S. Chamber of Commerce.

13. SUPPLEMENTS TO WAGES AND SALARIES

The United States Department of Commerce publishes some employee benefits data in its National Income statistics. Listed as supplements to wages and salaries, and covering the period 1929 to 1986, they consist chiefly of legally required payments and expenditures for private pension and welfare plans (items B, C, D and E of the Chamber questionnaire). These costs grew from $0.7 billion in 1929 to $415.8 billion in 1986, as shown in Table 17 and Chart 4. The 1985 costs averaged 19.9 percent of wages and salaries for all industries, but ranged from 14.2 percent for services and 14.8 percent for agriculture, forestry, and fisheries to 25.6 percent for government and government enterprises and 27.9 percent for the communication industry.

TABLE 17. Supplements to Wages and Salaries, 1929 to 1986

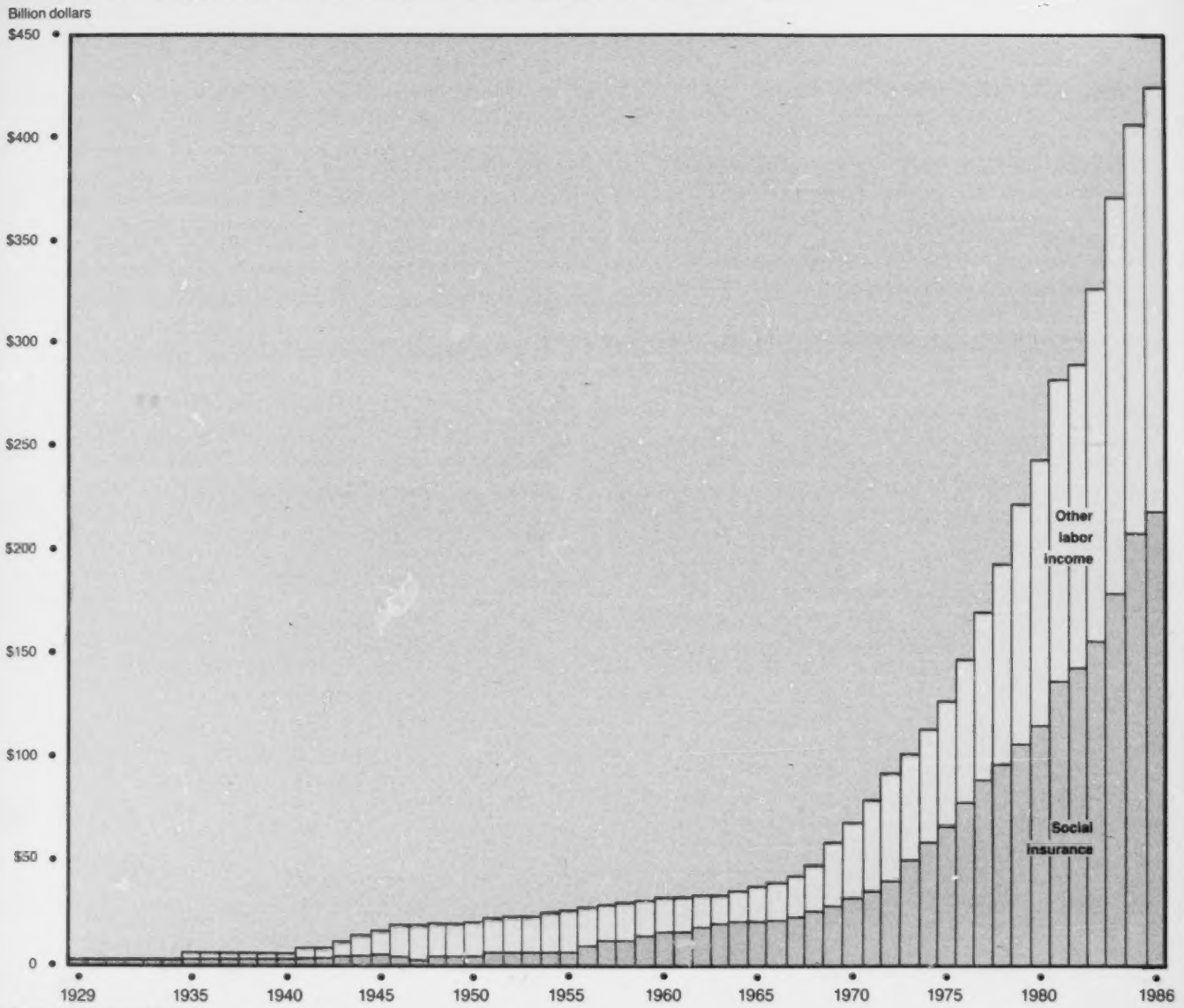
(United States Department of Commerce Data)

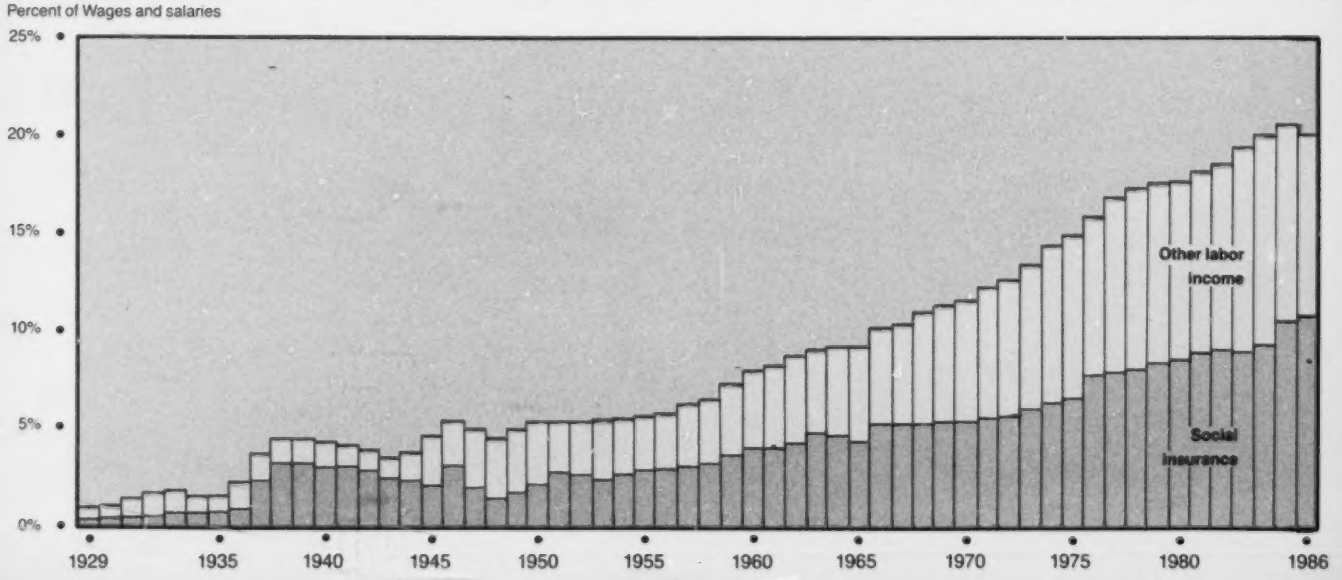
Item	1929	1935	1940	1945	1950	1955	1960	1965	1970	1975	1980	1986
	Million dollars*											
Total supplements to wages and salaries	662	650	2,311	5,604	7,818	13,238	23,000	34,538	63,240	124,980	242,543	415,781
Employer contributions for social insurance	101	171	1,624	3,805	4,164	6,216	11,780	16,698	30,733	60,457	115,297	214,700
Federal social insurance funds	29	44	1,469	3,580	3,482	4,957	9,645	13,668	24,889	48,921	92,935	181,700
Old-Age, Survivors, and Disability Insurance	...	...	329	630	1,308	2,825	5,632	8,330	16,182	30,490	55,623	97,500
Hospital insurance	...	...	...	...	...	...	...	...	2,342	5,610	11,623	25,900
State unemployment insurance	...	7	813	1,011	1,217	1,221	2,300	3,076	2,493	5,516	12,073	18,000
Federal unemployment tax	...	...	98	174	232	304	343	558	854	1,294	3,463	5,800
Federal civilian employee retirement	21	32	93	227	316	144	838	1,146	2,215	4,353	7,446	11,800
Other items	8	5	136	1,538	409	463	532	558	803	1,658	2,707	28,500
State and local social insurance funds	72	127	155	225	682	1,259	2,135	3,030	5,844	11,536	22,362	33,000
State and local employee retirement	72	127	155	225	510	985	1,775	2,525	5,091	10,170	19,103	29,300
Other items	...	...	...	...	172	274	330	505	753	1,366	3,259	3,700
Other labor income	561	479	687	1,799	3,654	7,022	11,220	17,840	32,507	64,523	127,246	201,081
Employer contributions to private pension and welfare funds	169	180	282	1,132	3,534	6,845	10,969	17,485	31,937	63,595	125,439	197,510
Pension and profit-sharing	...	...	...	...	1,713	3,377	4,866	7,646	13,050	28,253	54,694	58,779
Group health insurance	...	...	...	...	781	1,706	3,374	5,890	12,099	24,043	48,949	108,016
Group life insurance	...	...	...	...	249	561	1,080	1,651	2,891	4,368	6,203	9,015
Workers' compensation	...	...	...	...	791	1,150	1,529	2,177	3,786	6,695	15,248	21,246
Supplemental unemployment	...	...	...	...	...	51	120	121	111	236	345	454
Other items	392	299	405	667	120	177	251	355	570	928	1,807	3,571
	Total supplements as percent of wages and salaries											
All industries	1.3	1.8	4.6	4.8	5.3	6.3	8.5	9.5	11.5	15.5	17.9	19.9
Agriculture, forestry, and fisheries	0.4	0.5	0.6	0.4	0.6	1.9	4.7	5.6	7.4	10.7	13.4	14.8
Mining	1.6	1.7	5.7	4.0	9.4	10.5	12.2	12.8	15.3	18.5	18.0	21.0
Contract construction	2.3	3.5	6.6	5.3	5.9	6.5	7.0	8.5	9.9	12.5	14.2	20.9
Manufacturing	0.9	1.2	5.2	5.1	6.6	8.3	10.8	12.0	14.4	19.6	22.9	22.6
Transportation	2.0	2.7	6.2	6.0	6.6	7.4	9.6	10.6	12.7	18.7	19.6	22.9
Communication	2.1	4.4	8.8	8.9	10.1	8.9	11.1	18.2	24.0	28.9	29.5	27.9
Electric, gas, and sanitary services	1.7	2.2	6.2	9.4	9.2	10.6	12.6	14.4	16.8	22.6	24.1	25.0
Wholesale and retail trade	0.6	0.8	3.9	3.4	3.8	4.3	6.4	7.6	9.4	11.9	13.8	15.4
Finance, insurance, and real estate	2.4	2.6	6.0	5.1	6.1	7.5	9.6	11.4	13.3	17.8	18.8	17.8
Services	0.4	0.6	2.4	2.2	2.5	3.3	5.1	6.2	7.9	11.5	13.0	14.2
Government and government enterprises	3.2	3.4	4.1	5.3	4.2	4.1	7.2	7.9	10.0	14.2	17.7	25.6
All private enterprises	1.1	1.4	4.8	4.5	5.5	6.7	8.7	9.9	11.9	15.9	17.9	18.6

Data prior to 1986 do not reflect national income account revisions. The 1986 "Other items" under "Federal social insurance funds" also includes military retirement, which was not included in earlier data.

Source: U.S. Department of Commerce data. Percentages computed by U.S. Chamber of Commerce.

CHART 4. Supplements to Wages and Salaries, 1929 to 1986





14. HOW EMPLOYEE BENEFITS WERE SURVEYED

As in earlier studies, it was necessary to go directly to employers for the basic data on employee benefits. The mailing list included previous participants in the surveys, firms in the Survey Research Section's business samples, names from *Fortune's* lists, and a sample of 4,400 firms that were representative of a cross-section of American business. Questionnaires were also sent to firms requesting that they be included in the survey.

There were 851 respondents from the 8,100 companies in the sample, a 10.6 percent response rate.

In 1982, for the first time, the sample included firms with fewer than 100 employees, making the sample more representative of the business community.

If the results from the surveys of 1982-1986 are compared with earlier surveys, one should be aware of several factors that could affect the findings. The sample size was increased. The composition of the sample was affected by the inclusion of firms from the Survey Research Section's samples of the business community, both of which represented a scientific cross-section of U.S. business by industry, size of firm, and geographical region.

The severity and depth of the 1981-1982 recession had a substantial impact during 1982 on the composition of employers' work forces and on the number of hours worked. Adjustments in pension benefits were being made by some companies. Business firms around the nation were striving to contain employee benefit costs which had been burgeoning for years. Such efforts have been continued.

Employees Covered

This study, for the first time, covered all employees. We have collected data for both hourly-paid and salaried employees and have published them together. We will further analyze the data and publish additional findings in the months ahead.

Computation Method

The method of computation used in this study is outlined below. Also shown is a procedure for computing a company's benefit payments on a basis comparable to that used in this report.

In combining company data to form industry averages, the percentages for individual companies were added together without weighting. Otherwise, data for a few large companies might obscure the data of many small firms. Also, this procedure tended to compensate for the lower percentage coverage of smaller firms.

Your Company's Employee Benefits

After the U.S. Chamber's previous benefits studies were published, several companies inquired how their data might be compiled on a comparable basis. This can be done by completing the questionnaire on the following pages and performing the following computations.

1. Total benefit payments (Questionnaire items B through H)..... $_____
2. "Full-time equivalent" employees (In questionnaire item J divide the hours for all employees by the hours for a full-time employee)..... $_____

Employee benefit payments as:

Percent of payroll (Item 1 above divided by questionnaire item A-7)..... $_____

Cents per payroll hour (Item 1 above divided by the hours for all employees in questionnaire item J)..... $_____

Dollars per year per employee (Item 1 above divided by item 2 above)..... $_____

	Our Company	Our Industry	All Manufacturing	All non-Manufacturing	All Industries
Employee benefits as:					
Percent of payroll.....	_____%	_____%	42.0%	36.8%	39.3%
Cents per payroll hour.....	_____¢	_____¢	570.2¢	436.2¢	496.2¢
Dollars per year per employee	$_____	$_____	$12,035	$8,917	$10,283

15. COPY OF QUESTIONNAIRE USED IN SURVEY

Please return the completed questionnaire to:

ECONOMIC POLICY DIVISION/EMPLOYEE BENEFITS SURVEY
U.S. CHAMBER OF COMMERCE/WASHINGTON, D.C. 20062

CONFIDENTIAL

EMPLOYEE BENEFITS SURVEY—1986

For Office Coding—Leave Blank

A 1

6

27

30

32

33

INSTRUCTIONS

1. **It is confidential**—Data from individual firms will not be disclosed. Data will be published only in the form of totals for groups of companies. Only the researchers will see your questionnaire(s).

2. **Company coverage**—If you have several divisions or plants, data covering any ***typical*** group of employees will be satisfactory.

3. **Employees covered in survey**—In previous years, only hourly-paid employees were surveyed. This year we are surveying ***both*** hourly-paid and salaried employees, if this break-out is available.

   If the break-out is available, please fill out separate surveys for hourly-paid and salaried employees. The hourly-paid employee survey begins on this page and the salaried employee survey begins on page 5.

HOURLY-PAID EMPLOYEE SURVEY

We will continue to survey hourly-paid employees under the guidelines used in the past for purposes of historical comparison. Therefore, when filling out the questionnaire surveying hourly-paid workers, ***include data for workers whose pay varies with the number of hours worked.*** In addition, include data for ***salaried*** employees if their pay varies if they work overtime or less than full-time; but do not include them if they receive their regular pay regardless of hours worked.

Organizations having difficulty making this employee separation between hourly-paid and salaried workers (e.g., banks, hospitals, financial institutions) should include all nonsupervisory employees and all working supervisors in this hourly-paid employee survey, ***regardless of method of payment.*** However, please ***exclude*** all officers of company.

4. **Approximate or incomplete data**—If you are unable to give exact data for the various items, please give estimates—***your best estimate is much better than a zero***. If you cannot break down the data on payments exactly as they are outlined, please give the data that is available. Also, please indicate the items or benefits for which payments were made, but for which you cannot give separate figures.

Show actual data or best estimate for employees covered in survey.

A. GROSS PAYROLL FOR EMPLOYEES IN SURVEY:

- For this item, report ***actual*** wages (***not*** take-home pay after deductions have been made). Report on line A-1 the straight-time wages for all hours, including pay for time ***not*** worked, plus payments in lieu of vacations and holidays.
- Report premium and bonus payments on lines other than line A-1. Thus, if your firm paid $15,000 in overtime pay and the overtime rate is time and one-half, put $10,000 on line A-1, and $5,000 in premium pay on line A-2.

Include BONUS AND PREMIUM PAY ONLY on lines 2-6. Report straight-time pay on line 1.

	Total amount for 1986	
1. Straight-time for employees in survey	$_____	34
2. Overtime premium pay	$_____	46
3. Holiday premium pay	$_____	58
4. Shift differential	$_____	70
5. Earned incentive or production bonus	$_____	82
6. Other (Specify: _____)	$_____	94
7. TOTAL GROSS PAYROLL	$_____	106

B. LEGALLY-REQUIRED PAYMENTS (***employer's*** share only):

1. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	$_____	118
2. Unemployment Compensation (federal and state taxes)	$_____	130
3. Workers' Compensation (estimate cost if self-insured)	$_____	142
4. State sickness benefits insurance	$_____	154
5. Other (Specify: _____)	$_____	166
6. TOTAL	$_____	178

C. RETIREMENT AND SAVINGS PLAN PAYMENTS (***employer's*** share only):

- ITEM C-4 (PENSION AND INSURANCE PREMIUMS)—For pension and insurance premiums, report ***net*** payments after deducting any dividends or credits returned to employer by insurer.

1. Defined benefit pension plan contributions (a defined benefit plan is one that is insured by the Pension Benefit Guaranty Corporation involving a promise to pay a fixed level of benefits on retirement)	$_____	190
2. Defined contribution plan payments (a defined contribution plan is one that provides for an individual account for each participant and for benefits based on the amount contributed to the participant's account)		
a. Profit-sharing payments (employer contributions are based on current profits of the business, fluctuating with current profit levels)		
(i) Current cash payments	$_____	202
(ii) Payments to deferred profit-sharing trusts	$_____	214
b. Stock bonus and employee stock ownership plans (ESOP)	$_____	226
3. Money purchase plans	$_____	238
4. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	$_____	250
5. Costs of plan administration (please estimate the administrative costs paid separately or as part of contributions to the plan)	$_____	262
6. Other (Specify: _____)	$_____	274
7. TOTAL	$_____	286
8. Please report the number of employees participating in your company's retirement and savings plan programs	_____	298

D. LIFE INSURANCE AND DEATH BENEFITS (***employer's*** share only):

- Exclude premiums for life insurance purchased under a pension plan. Such premiums should be reported under item C-4.

1. Life insurance premiums (net)	$_____	304
2. Death benefits not covered by insurance	$_____	316
3. TOTAL	$_____	328

CONFIDENTIAL

E. MEDICAL AND MEDICALLY-RELATED BENEFIT PAYMENTS (***employer's*** share only):

1.	Hospital, surgical, medical, and major medical insurance premiums (net)	$_____	340
2.	Self-insured hospital, surgical, medical, and major medical payments	$_____	352
3.	Short-term disability, sickness or accident insurance (company plan or insured plan)	$_____	364
4.	Long-term disability or wage continuation (insured, self-administered, or trust)	$_____	376
5.	***Retiree*** (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	$_____	388
6.	Self-insured ***retiree*** (payments for retired employees) hospital, surgical, medical, and major medical payments	$_____	400
7.	Dental insurance premiums	$_____	412
8.	Vision care and prescription drugs	$_____	424
9.	Physical and mental fitness programs	$_____	436
10.	Medically-related benefits for ***former*** workers and family members, such as the continuation of health benefit payments after termination of employment (do not include payments to retirees and/or for maternity leave)	$_____	448
11.	Other (Specify: _____)	$_____	460
12.	TOTAL	$_____	472

F. PAID REST PERIODS, COFFEE BREAKS, LUNCH PERIODS, WASH-UP TIME, TRAVEL TIME, CLOTHES-CHANGE TIME, GET-READY TIME, ETC.

- This should be reported if time is paid for, whether or not there is a formal work rule providing for such time off. A simple rule of thumb is that if employees typically take two 10-minute rest periods per day, this would amount to approximately 4% of gross payroll; if two 15-minute breaks are taken, the figure would come to 6% of gross payroll (Item A-7). $_____ 484

G. PAYMENTS FOR TIME NOT WORKED:

1.	Payments for or in lieu of vacations	$_____	496
2.	Payments for or in lieu of holidays (for estimating purposes, each paid holiday represents .00385 percent of straight-time pay)	$_____	508
3.	Sick leave pay	$_____	520
4.	Parental leave (maternity and paternity leave payments)	$_____	532
5.	Payments required under guaranteed workweek or work year—only that part that represents payment for time not worked	$_____	544
6.	Payments for State or National guard duty; jury, witness, and voting pay allowances; payments for time lost due to death in family; or other personal reasons	$_____	556
7.	Other (Specify: _____)	$_____	568
8.	TOTAL	$_____	580

H. MISCELLANEOUS BENEFIT PAYMENTS (***employer's*** share only):

1.	Discounts on goods and services purchased from company by employees	$_____	592
2.	Employee meals furnished by company	$_____	604
3.	Child care: a. On-site child care	$_____	616
	b. Third-party provided care	$_____	628
4.	Parking	$_____	640
5.	Employee education expenditures (tuition refunds, seminar attendance, etc.)	$_____	652
6.	Payments for legal counselling	$_____	664
7.	Payments to union stewards or officials for time spent in settling grievances or in negotiating agreements	$_____	676
8.	Christmas or other special bonuses (not tied to profits), service awards, suggestion awards, etc.	$_____	700
9.	Other (Specify: _____)	$_____	712
10.	TOTAL	$_____	724

I. EMPLOYEE PAYROLL DEDUCTIONS (***employee's*** share only):

- For this question, report deductions from ***employee*** pay. Employer contributions are reported in questions B-E.

1.	Old-Age, Survivors, Disability, and Health Insurance (employee FICA taxes) and Railroad Retirement Taxes	$_____	736
2.	Retirement and Savings Plan payments	$_____	748
3.	Life insurance premiums	$_____	760
4.	Medical and Medically-Related Benefits Payments	$_____	772

CONFIDENTIAL

5. Other (Specify: _____). Do not include deductions for income tax ..... $_____ 784
6. TOTAL ..... $_____ 796

J. EMPLOYEE HOURS

- These figures include hours worked or paid for (including time actually worked, ***plus*** holidays, vacation, sick leave, and other time paid for but not worked).

1. Total hours of a **typical full-time employee** during 1986: _____ (average number of hours per week per employee) × 52 = _____ (total hours during 1986 per employee) 808

2. Total hours of **all** employees in survey during 1986:
   - The total number of hours worked or paid for of all employees covered in the survey, corresponds to earnings given on line A-1.

_____ (total hrs. during 1986 per employee) × _____ (number of employees included in your survey data) = _____ (total hours of all employees in 1986) 812

PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE (SIC Code) = _____

- If you do not know your SIC Code, please give a description of the major type of business and/or the principal lines or products manufactured or handled.

_____

_____

SUPPLEMENTAL QUESTIONS

For Office Coding— Leave Blank
____ ____ ____ ____ B1

Please answer the following questions:

1. Does your firm have a fixed benefit plan or a cafeteria plan (a cafeteria plan is one that allows employees to choose between benefits and/or benefit plans)? (Check appropriate box)
   Fixed Benefit Plan ..... F ☐
   Cafeteria Plan ..... C ☐ 6
2. What is the estimated percentage of part-time workers as the percentage of your total work-force (part-time workers are those who work less hours than the normal work week)? _____ 7
3. If you provide benefits to part-time employees, which benefits do you provide?
   All ..... Yes ☐ No ☐ 12
   Health ..... Yes ☐ No ☐ 13
   Retirement ..... Yes ☐ No ☐ 14
   Vacations ..... Yes ☐ No ☐ 15
   Bonuses ..... Yes ☐ No ☐ 16
   Others (please specify: _____)
4. Please estimate your company's total annual costs for providing the following types of parental leave benefits to employees if offered in 1986 (exclude disability leave payments):
   a. Payment for time off upon the birth or adoption of a child ..... $_____ 17
   b. Payment for time off for mother-child bonding period ..... $_____ 29
   c. Payment for time off for a sick child ..... $_____ 41
5. Does your organization provide ***unpaid*** leave for the following:
   a. Unpaid leave for time off upon the birth or adoption of a child ..... Yes ☐ No ☐ 53
   b. Unpaid leave for time off for mother-child bonding period ..... Yes ☐ No ☐ 54
   c. Unpaid leave for time off for a sick child ..... Yes ☐ No ☐ 55
6. Please report the number of employees participating in your parental leave plans ..... _____ 56

Please list the name, title and phone number of the person who is responsible for filling out this questionnaire in case our researchers have any questions.

_____ _____ ( )
Name Title Phone Number

CONFIDENTIAL

EMPLOYEE BENEFITS SURVEY—1986

SALARIED EMPLOYEE SURVEY

INSTRUCTIONS

1. **It is confidential**—Data from individual firms will not be disclosed. Data will be published only in the form of totals for groups of companies. Only the researchers will see your questionnaire(s).

2. **Company coverage**—If you have several divisions or plants, data covering any ***typical*** group of employees will be satisfactory.

3. **Employees covered in survey**—In previous years, only hourly-paid employees were surveyed. This year we are surveying ***both*** hourly-paid and salaried employees, if this break-out is available.

   The salaried employee benefits survey is limited to employees whose pay does ***not*** vary with the number of hours worked

   If you had difficulty making the employee separation for the hourly-paid survey, and included non-supervisory and working supervisors ***regardless of method of payment*** in that survey, please do ***not*** fill out the salaried employee survey.

4. **Approximate or incomplete data**—If you are unable to give exact data for the various items, please give estimates—***your best estimate is much better than a zero***. If you cannot break down the data on payments exactly as they are outlined, please give the data that is available. Also, please indicate the items or benefits for which payments were made, but for which you cannot give separate figures.

Show actual data or best estimate for employees covered in survey.

A. GROSS PAYROLL FOR EMPLOYEES IN SURVEY:

- For this item, report ***actual*** salaries (***not*** take-home pay after deductions have been made). Report on line A-1 the salaries for all hours, including pay for time ***not*** worked, plus payments in lieu of vacations and holidays.

	Total amount for 1986	
1. Total salaries for employees in survey	$_____	61

B. LEGALLY-REQUIRED PAYMENTS (***employer's*** share only):

1. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	$_____	73
2. Unemployment Compensation (federal and state taxes)	$_____	85
3. Workers' Compensation (estimate cost if self-insured)	$_____	97
4. State sickness benefits insurance	$_____	109
5. Other (Specify: _____)	$_____	121
6. TOTAL	$_____	133

C. RETIREMENT AND SAVINGS PLAN PAYMENTS (***employer's*** share only):

- ITEM C-4 (PENSION AND INSURANCE PREMIUMS)—For pension and insurance premiums, report ***net*** payments after deducting any dividends or credits returned to employer by insurer.

1. Defined benefit pension plan contributions (a defined benefit plan is one that is insured by the Pension Benefit Guaranty Corporation involving a promise to pay a fixed level of benefits on retirement)	$_____	145
2. Defined contribution plan payments (a defined contribution plan is one that provides for an individual account for each participant and for benefits based on the amount contributed to the participant's account)		
a. Profit-sharing payments (employer contributions are based on current profits of the business, fluctuating with current profit levels)		
(i) Current cash payments	$_____	157
(ii) Payments to deferred profit-sharing trusts	$_____	169
b. Stock bonus and employee stock ownership plans (ESOP)	$_____	181
3. Money purchase plans	$_____	193
4. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	$_____	205
5. Costs of plan administration (please estimate the administrative costs paid separately or as part of contributions to the plan)	$_____	217
6. Other (Specify: _____)	$_____	229
7. TOTAL	$_____	241
8. Please report the number of employees participating in your company's retirement and savings plan programs	_____	253

D. LIFE INSURANCE AND DEATH BENEFITS (***employer's*** share only):

- Exclude premiums for life insurance purchased under a pension plan. Such premiums should be reported under item C-4.

1. Life insurance premiums (net)	$_____	259
2. Death benefits not covered by insurance	$_____	271
3. TOTAL	$_____	283

E. MEDICAL AND MEDICALLY-RELATED BENEFIT PAYMENTS (***employer's*** share only):

1. Hospital, surgical, medical, and major medical insurance premiums (net)	$_____	295
2. Self-insured hospital, surgical, medical, and major medical payments	$_____	307
3. Short-term disability, sickness or accident insurance (company plan or insured plan)	$_____	319
4. Long-term disability or salary continuation (insured, self-administered, or trust)	$_____	331
5. ***Retiree*** (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	$_____	343

CONFIDENTIAL

6. Self-insured ***retiree*** (payments for retired employees) hospital, surgical, medical, and major medical payments ..... $_____ 355
7. Dental insurance premiums ..... $_____ 367
8. Vision care and prescription drugs ..... $_____ 379
9. Physical and mental fitness programs ..... $_____ 391
10. Medically-related benefits for ***former*** workers and family members, such as the continuation of health benefit payments after termination of employment (do not include payments to retirees and/or for maternity leave) ..... $_____ 403
11. Other (Specify: _____) ..... $_____ 415
12. TOTAL ..... $_____ 427

F. PAYMENTS FOR TIME NOT WORKED:

1. Payments for or in lieu of vacations ..... $_____ 439
2. Payments for or in lieu of holidays ..... $_____ 451
3. Sick leave pay ..... $_____ 463
4. Parental leave (maternity and paternity leave payments) ..... $_____ 475
5. Payments for State or National guard duty; jury, witness, and voting pay allowances; payments for time lost due to death in family; or other personal reasons ..... $_____ 487
6. Other (Specify: _____) ..... $_____ 499
7. TOTAL ..... $_____ 511

G. MISCELLANEOUS BENEFIT PAYMENTS (***employer's*** share only):

1. Discounts on goods and services purchased from company by employees ..... $_____ 523
2. Employee meals furnished by company ..... $_____ 535
3. Child care: a. On-site child care ..... $_____ 547
   b. Third-party provided care ..... $_____ 559
4. Parking ..... $_____ 571
5. Employee education expenditures (tuition refunds, seminar attendance, etc.) ..... $_____ 583
6. Payments for legal counselling ..... $_____ 595
7. Christmas or other special bonuses (not tied to profits), service awards, suggestion awards, etc. ..... $_____ 607
8. Other (Specify: _____) ..... $_____ 619
9. TOTAL ..... $_____ 631

H. EMPLOYEE PAYROLL DEDUCTIONS (***employee's*** share only):

- For this question, report deductions from ***employee*** pay. Employer contributions are reported in questions B-E.

1. Old-Age, Survivors, Disability, and Health Insurance (employee FICA taxes) and Railroad Retirement Taxes ..... $_____ 643
2. Retirement and Savings Plan payments ..... $_____ 655
3. Life insurance premiums ..... $_____ 667
4. Medical and Medically-Related Benefits Payments ..... $_____ 679
5. Other (Specify: _____). Do not include deductions for income tax ..... $_____ 691
6. TOTAL ..... $_____ 703

I. EMPLOYEE HOURS

- These figures include hours worked or paid for (including time actually worked, ***plus*** holidays, vacation, sick leave, and other time paid for but not worked).

1. Total hours of a **typical full-time employee** during 1986:

_____ (average number of hours per week per employee) × 52 = _____ (total hours during 1986 per employee) 715

2. Total hours of **all** employees in survey during 1986:

_____ (total hrs. during 1986 per employee) × _____ (number of employees included in your survey data) = _____ (total hours of all employees in 1986) 719

CONFIDENTIAL

SUPPLEMENTAL QUESTIONS

Please answer the following questions:

1. Does your firm have a fixed benefit plan or a cafeteria plan (a cafeteria plan is one that allows employees to choose between benefits and/or benefit plans)? (Check appropriate box)

   Fixed Benefit Plan ..... F ☐
   Cafeteria Plan ..... C ☐ **731**

2. Please estimate your company's total annual costs for providing the following types of parental leave benefits to employees if offered in 1986 (exclude disability leave payments):
   a. Payment for time off upon the birth or adoption of a child ..... $_____ **732**
   b. Payment for time off for mother-child bonding period ..... $_____ **744**
   c. Payment for time off for a sick child ..... $_____ **756**

3. Does your organization provide ***unpaid*** leave for the following:
   a. Unpaid leave for time off upon the birth or adoption of a child ..... Yes ☐ No ☐ **768**
   b. Unpaid leave for time off for mother-child bonding period ..... Yes ☐ No ☐ **769**
   c. Unpaid leave for time off for a sick child ..... Yes ☐ No ☐ **770**

4. Please report the number of employees participating in your parental leave plans ..... _____ **771**

Please list the name, title and phone number of the person who is responsible for filling out this questionnaire in case our researchers have any questions.

_____ ( ) _____

Name Title Phone Number

Please return the completed questionnaire to:
ECONOMIC POLICY DIVISION/EMPLOYEE BENEFITS SURVEY
U.S. CHAMBER OF COMMERCE/WASHINGTON, D.C. 20062

7020

If you would like additional copies of this or previous Employee Benefits publications, please cut the coupon and mail to address below.

Or for direct phone order:

301-468-5128

Postpaid prices
1-9 copies..... $20.00
10-49 copies..... $15.00
50-99..... $10.00
100 copies or more..... quantity discounts available

Please send me _____ copies of **EMPLOYEE BENEFITS 1986 (0035).**

Enclosed find a check for $_____. Make checks payable to Chamber of Commerce of the United States. Add appropriate sales tax for deliveries in California and the District of Columbia.

_____ Bill me.

EMPLOYEE BENEFITS 1986
U.S. Chamber of Commerce
1615 H Street, N.W.
Washington, D.C. 20062

_____
Name

_____
Firm or Organization

_____
Address

_____
City/State/Zip

Also send me:
- ☐ **EMPLOYEE BENEFITS 1985** (6962) at $10.00 per copy
- ☐ **EMPLOYEE BENEFITS 1984** (6888) at $5.00 per copy
- ☐ **EMPLOYEE BENEFITS 1983** (6794) at $5.00 per copy
- ☐ **EMPLOYEE BENEFITS 1982** (6714) at $5.00 per copy
- ☐ **EMPLOYEE BENEFITS 1981** (6601) at $5.00 per copy (photocopies available only)
- ☐ **EMPLOYEE BENEFITS 1980** (6503) at $5.00 per copy
- ☐ **EMPLOYEE BENEFITS HISTORICAL DATA 1951-1979** (6460) at $12.00 per copy

January 25, 1988

Due to a programming specification error, the data reported in lines 7d and 7e on tables 4, 6, 7, 8, 13 and 14 is inaccurate. These computing errors do not affect subtotals or totals in tables printed in the 1986 Employee Benefits.

The "child care" data as reported in line 7d includes not only child care expenditures, but also expenditures for parking, payments for legal counseling, payments to union stewards or officials for time spent in settling grievances or in negotiating agreements and other unspecified benefits (subheads 3, 4, 6, 7 and 9 under category "H" of the survey, page 33.)

The "other" data as reported on line 7e is comprised of Christmas or other special bonuses (not tied to profits), service awards and suggestion awards (subhead 8 rather than 9 under category "H" of the survey, page 33).

For your information, we have included U.S. Department of Labor statistics from a special survey of childcare practices. The survey was conducted in Summer 1987. Please refer to the attached chart.

We regret any inconvenience the inaccurate data may have caused.

Private establishments with 10 employees or more by size of establishment, type of child-care benefits, and/or work-schedule policies aiding child care, summer 1987

CHILD-CARE BENEFITS AND WORK-SCHEDULE POLICIES	TOTAL	10 to 49 employees	50 to 249 employees	250 employees or more	GOODS-PRODUCING	SERVICE-PRODUCING
Total establishments (thousands)	1,128	879	213	36	272	856
Percent providing child-care benefits or services	10.1	8.3	14.1	31.6	6.3	11.3
Employer-sponsored day care	1.6	1.5	1.8	2.7	0.3	2.0
Assisted with child-care expenses	3.1	2.4	4.9	10.3	1.9	3.5
Child-care information and referral services	4.3	3.6	5.5	14.6	2.3	5.0
Counseling services	4.2	3.1	6.5	17.0	3.0	4.6
Other child-care benefits	0.9	0.7	1.5	2.7	0.6	1.0
Percent with work-schedule policies aiding child care	61.4	62.2	58.6	58.5	51.3	64.6
Flexitime	43.6	45.3	38.3	34.7	31.3	47.5
Voluntary part time	35.3	36.3	32.9	26.2	22.4	39.4
Job sharing	15.0	15.6	12.7	13.5	9.0	16.9
Work at home	8.5	9.4	5.7	4.0	8.2	8.6
Flexible leave	42.9	43.7	39.9	39.6	37.3	44.6
Other leave or work-schedule policies	1.8	1.6	2.5	3.0	1.3	1.9
Percent with no child-care benefits or policies aiding with child care	36.6	36.5	37.6	33.1	46.4	33.5

NOTE: The individual categories will sum to more than 100 percent because many employers provided more than one benefit or policy.

Figures are from a special survey of child-care practices conducted in the summer of 1987 by the U.S. Department of Labor.